Re-orienting China-Australia Relations in the Theoretical Perspective of Security Dilemma

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Abstract. China and Australia have maintained good economic and trade relations in the 21st century. However, since 2018, the Australian government has re-oriented its attitude towards China and provoked Sino-Australia trade friction regardless of its economic interests. This thesis provides a new perspective to explain the deterioration of China-Australia relations from security dilemma theory. Australia views China as a political and economic threat due to the consideration of geopolitics and export dependency, thus adopting policies against China. Accordingly, after going through stages of suspicion and warning, China took action against Australia. Consequently, China and Australia sank deeper and deeper into a security dilemma. A systematic study of China-Australia relations helps explain the Australian government's perverse moves and provides theoretical support for peace and security in the Asia-Pacific region.

Keywords: China-Australia Relations, the Security Dilemma, Asia-Pacific Region.

1. Introduction

China and Australia are both important countries in the Asia-Pacific region. Still, since 2018, trade friction between the two countries has started to increase, and Sino-Australia relations have begun to deteriorate. In August 2018, Australia became the first country to follow the U.S. in banning Huawei and ZTE's 5G technology in the context of trade friction between China and the U.S. In November–December 2018, China conducted a trade investigation into Australian barley as a countermeasure. Since then, China-Australia trade friction has intensified, and China-Australia relations have further deteriorated.

In the following two years, between 2019 and 2020, Sino-Australian relations continued to cool politically and economically. Politically, Australia made attacks and slanders against China's regional role. The Wagga Wagga City Council revoked its decision on the friendship city relationship with Kunming on the grounds of the Coronavirus. As well as this, the Australian government joined the United States, Britain, and Canada to issue a joint statement on Hong Kong that interfered in Hong Kong affairs and China's internal affairs. Economically, friction between the two countries also continues to occur. Australia has launched trade investigations into Chinese aluminium extrusions, precision steel tubes, and other goods. As a countermeasure, China imposed restrictions upon Australian beef, wine, barley, coal, and other commodities. Furthermore, Australia has introduced the Foreign Investment Act, which restricts foreign investors from entering certain areas, discouraging Chinese investment in Australia.

In 2021, the Australian government announced the withdrawal of Victoria's Belt and Road cooperation agreement with China as relations between China and Australia continued to deteriorate. Australian authority has always been controversial about the Belt and Road initiative due to concerns about "strategic motives" and "debt burden". Victoria became the first Australian state government to formally support the Belt and Road agreement when it entered into a Belt and Road agreement with China in October 2018 (Sohu News, 2018). However, the Australian government implemented the Foreign Investment Reform Act on January 1, 2020, giving the Australian Treasurer the power to "call in" and "last resort" (Business China Law, 2020). In April 2021, the agreement was withdrawn, with Australian Foreign Minister Payne stating that the Belt and Road agreement was inconsistent with Australia's foreign policy and detrimental to Australia's foreign relations (Red Song, 2021). Subsequently, on May 6, 2021, the Chinese National Development and Reform Commission announced the indefinite suspension of all activities under the China-Australia Strategic Economic Dialogue mechanism, and China-Australia relations fell to a freezing point.

It could be seen that the trade friction between China and Australia is highly related to the deterioration of political relations. Australia's policy of "prevention" and "containment" of China has dramatically undermined the economic and trade cooperation between the two countries and hindered the mutually beneficial effects of...
the Belt and Road. The trade friction has, in turn, aggravated the deterioration of relations between the two sides, bringing negative impacts on both countries. The Australian and Chinese economies are highly complementary. Since 2009, China has been Australia's largest trading partner, number one export market, and number one source of imports. Australia's exports to China accounted for 40.84% of its total exports in 2020, and Australia's trade surplus from China alone amounted to $60 billion. Even though trade frictions between Australia and China have not reduced the absolute amount of Chinese imports of Australian goods, it is worth noting that iron ore exports accounted for 56% of Australia's exports to China in 2019 (Huiyin Hu, 2021). The increase in the international price of iron ore has been the main reason for the continued growth in China-Australia trade. In contrast to the profits gained from increasing iron ore prices, Australian exports of wine, beef, cotton, timber, coal, and other products have been negatively affected by Sino-Australia trade frictions.

The China-Australia trade friction and the sharp turnaround in China-Australia relations prompt us to explore the reasons for it. Therefore, this thesis will analyse China-Australia relations since 2018 and answer the following questions: Why did the Australian government provoke trade frictions with China despite its vast economic interests? What are the factors that have led to the deterioration of China-Australia relations?

2. Literature Review

The deterioration of China-Australia relations from 2018 has received widespread attention. Scholars from all over the world have studied the factors that led to the decline from different perspectives. The established literature includes three main explanations: the changing strategic environment, the strengthening Australia-U.S. alliance, and domestic political influence in Australia.

The explanation of changing strategic environment argues that the changes in relative power between China and the United States are a decisive factor of the Australian strategic environment. The uncertainty caused by the U.S.-China strategic competition has heightened Australia's strategic anxiety (Congcong Ni, 2021). Australia, which pursues medium power diplomacy, has always been sensitive to structural changes in the international system. In recent years, China's rising global influence has catalysed Australia's wariness and hostility towards China, resulting in more vigilant and precautionary measures from Australia (Guoxie Zhang and Tao Xie, 2018). This explanation helps us grasp the dynamics of the deterioration of China-Australia relations at a macro level. However, it does not explain why Australia's policy towards China has shifted dramatically from 2018 to present since the relative power of China and the United States remained stable during this specific period.

The explanation of the strengthening Australia-U.S. alliance argues that the deterioration of China-Australia relations is highly relevant to the Australia-U.S. alliance. Some scholars believe that the Australian government's adherence to the United States largely influences Australia's policy towards China. When the United States adopted a strategically competitive attitude towards China, Australia followed its footsteps and formulated a hardline China policy (Chang Dong, 2021). Other scholars argue that the change in Australia's policy towards China is a rational choice to deepen the Australia-U.S. alliance. Against the backdrop of increasing strategic competition between China and the U.S., the strengthening Australia-U.S. relationship can effectively alleviate the security dilemma and enhance Australian diplomatic status. The advantages of upgrading the Australia-U.S. alliance outweigh the disadvantages, so it is rational for the Australian government to maintain limited tension in China-Australia relations (Shanpin Xu and Tao Zhang, 2021). Other scholars understand Sino-Australian ties from the perspective of power structure theory, which argues that Australia has always pursued a national policy of alliance with superpowers based on security concerns and ambitions to pursue regional hegemony. The goal of the alliance policy is to seek political, economic, and security interests that far exceed its national power. Australia's alliance policy has led it to promote the Australia-U.S. alliance proactively. The hardening of Australia's policy towards China is a manifestation of its active promotion of the Australia-U.S. alliance (Yu Ra, 2020). The explanation of the strengthening Australia-U.S. alliance provides a new perspective on the China-Australia relationship. Still, it does not explain why Australia has become the "vanguard" of the U.S.-China rivalry, reversing its policy towards China in a short period. In addition, it cannot explain that while some allies of the U.S. still maintain a good economic relationship with China, Australia has chosen to adopt a policy of confrontation with China on economic and trade issues.

The explanation of domestic political influence suggests that Australian domestic politics profoundly influence Australia's China policy. According to some scholars, reorienting Australia's China policy is an act of political speculation by the ruling party to secure its position in power and divert the focus of public opinion (Guoxi Zhang and Tao Xie, 2018). However, "political speculation" is a long-standing and generally acknowledged phenomenon in party politics, which means that it has less explanatory power for the recent deterioration of Sino-Australian relations. Other scholars argue that Australia's policy towards China primarily reflects its prime minister's perceptions of China. A significant reason for the rapid deterioration of Sino-Australian relations is the negative perception of China by Australian leaders (Chang Dong, 2021). In addition, some scholars believe that Australian party politics is also an essential factor in the deterioration of relations with China. The two major groups in Australian party politics – the coalition parties (The Liberal Party of Australia and The Nationals) and the Australian Labor Party – have different policy inclinations towards China. In recent years, the importance attached by the coalition parties to the Australia-U.S. alliance has been a critical factor in the deterioration of China-Australia relations (Tuanhui Ning, 2021). The explanation of domestic political influence
provides us with the within-Australia perspectives. However, no matter whether the emphasis of the reason is on the personal factors of the prime minister or the policy inclination of different political parties, what people ignore is the basic fact that political leaders and political parties are agents of Australian national interests. Therefore, the explanation of domestic political influence fails to touch on the fundamental reasons for the deterioration of China-Australia relations. It needs to explore the inner motivation for the deterioration of China-Australia relations. In conclusion, although the established explanations in recent years are insightful, none of them can convincingly elucidate the critical factors at play in the rapid deterioration of China-Australia relations since 2018.

This paper will explain the starting point of Australia's policy shift towards China from Australian geopolitics and export dependency. Then, it will explore how the starting point leads to Australian "invasion anxiety" towards China and, furthermore, results in a vicious cycle of gradually deteriorating relations from the perspective of the security dilemma.

3. Theoretical Framework

3.1 Review of Security Dilemma Theory

Security dilemmas have come into existence since ancient times and have become one of the central concepts in the discipline of international relations. In the 5th century B.C., the ancient Greek historian Thucydides wrote in his work "The History of the Peloponnesian War" that "the real cause that made war inevitable was the growth of Athenian power and the consequent fear of Sparta" (Thucydides, 2016, p.21). According to Thucydides, it was Sparta's inability to determine the true intentions behind the growth of Athenian power and its concern for its security that led to its declaration of war with Athens. The view of Thucydides provides the historical basis for security dilemma theory.

In international relations, the concept of the security dilemma was first introduced by Herbert Butterfield and John Herz. Butterfield referred to the psychology of Sparta in Thucydides' writings as "Hobbesian fear", which he believed could lead to war between two states that merely wished to defend themselves and which he believed made the conflict tragic (Shuqiang Yin, 2003). Aside from Herbert Butterfield, John Hertz was the first scholar to use the concept of security dilemma to describe this tragic state of affairs. According to John Hertz's theory, the security dilemma is based on two fundamental assumptions – anarchy in the international community and mistrust between states. According to these two assumptions, a state that initially has no intention of harming the other could take defensive actions to ensure its security out of uncertainty about the other state's intentions. The second state perceives such actions as security threats, taking similar actions (John H. Herz, 1950, p.158). In such a security dilemma, the two countries become suspicious of each other and take confrontational actions, thus creating a vicious cycle that leads to a downward spiral in their relations.

The concept of the security dilemma has been interpreted by the three mainstream theories in international relations – structural realism, neoliberal institutionalism, and constructivism. The security dilemma is one of the core assumptions of structural realism. Both defensive realism and offensive realism believe that security dilemmas will always exist as long as the anarchy of international society remains unchanged. As a result, states should adopt a self-help strategy to seek security in such dilemmas by enhancing their strengths. However, it is worth noting that defensive realism and offensive realism suggest different approaches to solving the security dilemma. The former believes that security dilemmas can be solved by the same logic of the "prisoner's dilemma" game. At the same time, the latter emphasises that security can only be sought through proactive offense and expansion of power (Jiang Ye, 2003).

In addition to structural realism, neoliberal institutionalism also uses the security dilemma as its theoretical foundation. Joseph Nye, a leading figure of neoliberalism, has given his definition of the security dilemma, which is not far from structural realism, in his book "Understanding International Conflict: An Introduction to Theory and History" (Joseph Nye, 2002). However, unlike structural realism, in terms of the possible solution to security dilemmas, neoliberal institutionalism believes that states can avoid security dilemmas and achieve win-win situations through cooperation (Jianing Guan, 2007).

In contrast to structural realism and neoliberal institutionalism, constructivism, as a reflective theory, argues that the security dilemma is not an inherent feature of international politics but rather a product constructed by state actors in their practical interactions. According to constructivism theory, the existence or the depth of security dilemmas depends on the state of the international system, specifically, whether it is in a Hobbesian, Lockean, or Kantian culture. By shifting from a Lockean to a Kantian culture, states can build mutual trust and collective identity, thus constructing a "security community" to eliminate security dilemmas (Zhengqing Yuan, 2003).

In summary, structural realism and neo-institutional liberalism emphasise the material elements of the security dilemma, while constructivism emphasises the artificial aspects of the security dilemma. Although the three theoretical perspectives have some differences in their explanations of the security dilemma, it is undeniable that all three mainstream theories acknowledge the existence of the security dilemma and regard it as one of the essential features of international society.

3.2 Security Dilemma Theory Applied to Sino-Australia Relations

Security dilemma theory has strong explanatory power in the deterioration of relations. Worldwide, scholars have used security dilemma theory to explain similar problems in their past studies. Studies based on the security dilemma can be seen on China-India and China-Japan
relations and international relations in the Korean Peninsula region. In addition, security dilemma theory has also been applied to explain Japan-U.S. relations (Xiaobo Chu, 2020) and security issues in the South Asian region (Siling Yang, 2016) (Dan Chen, 2018).

The security dilemma has been used to explain Sino-India relations. Cuiping Zhu and Colin Flint believe that the feeling of uncertainty accompanied by the joint rise of China and India, and the construction of India's unilateral hostility towards China, largely influence the policymaking on both sides, which can be manifested through the limited cooperation between the two countries (Cuiping Zhu and Colin Flint, 2019). In the analysis of a specific case – the Belt and Road Initiative brought up by China – Zhang Li argues that structural issues, cognitive biases, the impact of new initiatives, the involvement of external forces, and the neglect of security dilemmas altogether inject unknown risks of volatility into China-India bilateral relations (Li Zhang, 2020). Liu Siwei systematically elaborates on the security dilemma between China and India regarding its manifestations and impacts. He furthermore concludes new features of China-India relations in recent years – spillover, dynamic disequilibrium, and asymmetry (Siwei Liu, 2020). In conclusion, the academic community has reached a general consensus on using security dilemma theory to explain China-India relations.

The security dilemma is also one of the frequently-used perspectives in studying Sino-Japanese relations. Yunxiang Liang argues that China's vigilance against Japanese militarism and Japan's alert over China's growing military power has exacerbated the security dilemma (Yunxiang Liang, 2015). Jun Wang argues that the multifaceted realities between China and Japan, such as differences in historical understanding, a severe lack of strategic mutual trust, island sovereignty disputes, and the competitive regional order in East Asia, have intensified the security dilemma (Jun Wang, 2015). The psychological and subjective element in security dilemma theory makes it suitable to explain Sino-Japanese relations.

As well as this, some scholars use security dilemma theory to explain the situation on the Korean Peninsula. According to Sang-man Lee, the security dilemma on the Korean Peninsula has become increasingly severe due to North Korea's nuclear testing, the deployment of THAAD (Terminal High Altitude Area Defense) in South Korea, and the U.S. "return to Asia" policy (Xiangwan Li, 2016). However, it is controversial whether security dilemma theory can be used to explain the dilemma on the Korean Peninsula. According to Dong, "anarchy", "no malicious intent on either side", and "accumulation of power including offensive capabilities" are the three essential elements of the security dilemma. The game of significant forces on the Korean Peninsula, including the match between the U.S., Russia, and China over the THAAD issue, does not belong to the security dilemma in the strict sense. Therefore, the situation on the Korean Peninsula cannot be interpreted solely from security dilemma theory. Instead, it is considered an arms race accompanied by a spiral of hostility (Xiangrong Dong, 2019).

Although security dilemma theory is not newly discovered, it can provide a new perspective on the cooperation dilemma of China-Australia relations and has crucial theoretical value in explaining the logic of Australia’s strategy towards China. The rationality of applying security dilemma theory to explain China-Australia relations since 2018 lies in the fact that, firstly, the international community today is still in a state of anarchy. Secondly, China and Australia do not initially have malignant intentions towards each other. Australia, a medium power in the Asia-Pacific region, has maintained good economic and trade relations with China at the beginning of the 21st century. The two countries have huge shared interests at the economic and business level. Australia developed a comprehensive strategic partnership with China in 2014. Its economic closeness suggests it does not hold malicious intentions towards China, even with ideological differences. On the other hand, China has no malicious intentions towards Australia, either in policymaking or concrete practices. China's foreign policy is coherent with its national interest. At the current stage, the primary objective of the Chinese government is to build a modern socialist country that is rich, strong, democratic, civilised, harmonious, and beautiful. To this end, China hopes to seek new types of state relations in the international community, adhere to the path of peaceful development, and promote the idea of human community with a shared future. It can also be seen from past practice that one of the core interests of Chinese diplomacy remains the maintenance of sovereignty and territorial integrity. China has never maliciously undermined Australia's interests throughout history.

Thirdly, China and Australia have engaged in the accumulation of power, including offensive capabilities during a period of bilateral trade friction and political confrontation. Australia provoked trade friction between China initially and joined the AUKUS partnership, increasing the risk of nuclear proliferation in the Asia-Pacific region. As a countermeasure, China imposed restrictions on Australia's imports and announced the indefinite suspension of all activities under the China-Australia Strategic Economic Dialogue mechanism. In summary, China-Australia relations possess the three necessary elements of a security dilemma, and security dilemma theory has applicability and explanatory power for China-Australia relations.

In general, Australia's strategic choice towards China has been characterised by hesitation and caution, tangle and wavering. The relationship between the two countries has shown a state of "cold politics and hot economics" since the start of the 21st century. However, in recent years, economic and trade relations between the two countries have also deteriorated to a low point. While the complementarity of the Australian and Chinese economies and the enormous benefits of a moderate relationship between the two countries is almost a consensus in political and academic circles, the Australian government took the initiative in provoking trade friction, leading to a deterioration of relations between the two countries. The study will use security dilemma theory to analyse this unexpected phenomenon.
4. Problem Analysis

4.1 Australia Considers China as a Security Threat

Located between the South Pacific Ocean and the Indian Ocean, Australia is surrounded by sea and is the only country whose territory covers an entire continent. The unique geographical location of Australia makes it a relatively independent unit. However, Australia's development is closely linked to Asia in this highly globalised world. On the one hand, Australia's economic dependence on Asia continues to rise. As a middle power in the Asia Pacific region and a vital member of the Asian economic sphere, Australia has benefited from the economic growth and market expansion of Asian countries, mainly from its exports to China, in the 21st century. On the other hand, Australia has remained politically and security-wise "alienated" and "disconnected" from Asian countries. As a former British colony, Australia has a natural cultural and religious identity with the West and has historically maintained strong political and security ties with Western countries (Mingqi Xue, 2013). Based on both economic interests and geopolitical considerations, Australia has adopted a "cold politics and warm economics" policy towards China in past decades. However, it has seen China as a threat in recent years and reoriented its policy towards China.

4.1.1 Australia's Perception of China as a Threat

After the Rio Tinto case and the Thermopylae incident in 2014, China-Australia relations began to warm up, and the two countries developed a comprehensive strategic partnership. China-Australia relations were taken to a higher level in 2015 when the China-Australia Free Trade Agreement came into effect. The China-Australia relationship could have moved to an even higher level and reached a mutually beneficial situation. However, with the relatively rising power of China and the strategic shift of the United States to the Asia-Pacific region, Australia has developed a strong sense of insecurity towards China since 2018, which is not only reflected in the policy reorientation of the Australian government but also in the results of public opinion surveys in Australia. Since late 2017 and early 2018, the Australian government has frequently criticised China's conduct and expressed a tough stance against China. In August 2019, Australia made unwarranted accusations and slanders against China, saying it was responsible for a cyberattack against the country. In April 2020, the Australian city council of Wagga Wagga revoked its decision on the friendship city relationship with Kunming on the grounds of the Coronavirus. In the same year, the Australian government joined the United States in issuing a joint statement on Hong Kong, which interfered in China's internal affairs. The Australian political elite widely spread the "China threat theory", which profoundly impacted Australian public opinion during this period (Lu Jiang, 2019). As a result, for the Australian public, China has increasingly become seen as a significant security threat. According to Australian Lowy Institute, the Australian public's perception of China has taken a sharp turn since 2018. The survey shows that the number of Australians who view China as an economic partner had reached its peak in 2018 and plummeted afterward, from 82% of all respondents to merely 34% in 2021. Meanwhile, the share of Australians who view China as a security threat has rocketed from 12% to 63% during the same period (Lowy Institute Poll, 2021). In 2021, 56% of Australians see China-Australia relations as a potential threat to Australia's national security, and 52% of them consider the possibility of a U.S.-China military conflict in the Taiwan Strait as a potential threat (Lowy Institute Poll, 2021). Australia's suspicions about China are long-standing and have reached their highest point since 2018. Due to geopolitical considerations, Australia has adopted a confrontational policy towards China. Subsequently, Australia's security suspicions about China extend to the economic domain. It views economic and trade exchanges with China as a threat and therefore provokes Sino-Australia trade friction.

4.1.2 Reasons why Australia sees China as a Political Threat

Australia views China as a threat due to its geopolitical considerations. Australia is located between the South Pacific and the Indian Ocean. It is surrounded by sea, so geopolitical concerns based on the "Indo Pacific" region have always been essential for Australian policymaking. After the Biden administration in the United States took office, the U.S. global strategy was "readjusted", shifting its attention from Central Asia and the Middle East to the "Indo-Pacific" region and from land to sea (Fengsheng Hu, 2021). Thus, the Indo-Pacific has become the focal point of the great powers' competition. Australia's geographical position makes it consider competition in the "Indo-Pacific" region to be an essential consideration for its policymaking and makes it highly sensitive to the changes of maritime military power in the region (Shaomin Xu, 2018).

China, a significant power in the Indo-Pacific region, has been actively pursuing a strategic naval transformation in recent years. China's military modernisation, naval power development, and "two-ocean (Pacific and the Indian Ocean) naval" strategy have caused concern in Australia. The massive modernisation of the Chinese navy began in the late 1990s, and in the span of two decades, the Chinese navy has developed into the world's second-largest maritime force in terms of hardware. China's influence in East Asia's coastal waters is growing, as is its influence in the far reaches of the Indo-Pacific (Bo Hu, 2020).

China's military modernisation, naval development, and "two-ocean naval strategy" aim to defend its territorial sovereignty and maritime rights. Chinese President Xi Jinping stated, "The Chinese military has always held
high the banner of cooperation and win-win, and is committed to creating a security structure of equality, mutual trust, fairness, justice, common construction, and sharing. As the main body of the country's maritime forces, the navy has an important responsibility to maintain peace and good order in the sea (Jingping Xi, 2020, p.463). "The words of Chinese President Xi Jinping illustrate that the Chinese purpose of building a navy is to maintain regional stability. However, it is undeniable that China's naval modernisation and its defence actions in the South China Sea have become vital evidence for the international community in support of the "China threat theory". Undoubtedly, it has also become the main geopolitical reason for Australia's increased suspicion of China.

Australia views China, an Asia-Pacific country with growing naval power, as a severe security threat from the geopolitical perspective. Trapped by the security dilemma mentality, Australia has responded to the growing "China threat" by purchasing naval equipment and strengthening extraterritorial alliances. Australia has always sought to upgrade its marine equipment as a country that attaches great significance to sea power. In 2016, the Australian government signed a contract with the French state-owned shipbuilding company DCNS (Direction des Constructions Navales Services) to build 12 conventional submarines to phase out its Collins-class submarines built in the 20th century (Xin Hu, 2016). However, in September 2021, Australia broke the order with France. Instead, it announced a trilateral security partnership (AUKUS) with the United States and the United Kingdom, intended to strengthen its traditional alliance to counterbalance China. It also aimed at leveraging the expertise of the United States and the United Kingdom to acquire nuclear-powered submarines and enhance its diplomatic and security capabilities in the "Asia-Pacific" region (Fengsheng Hu, 2021).

4.1.3 Reasons Australia Sees China as an Economic Threat

Since 2018, Australia's confrontational approach with China has moved beyond political security and into the economic and trade arena. Trade between Australia and China witnessed significant growth over the five years between 2014 and 2019, with bilateral exports increasing from $75 billion to $150 billion (Australian Bureau of Statistics, 2021). However, the trade relationship between China and Australia has become a threat to Australia's economic security in the eyes of Australians in recent years.

China is Australia's largest trading partner in terms of trade scale, while Australia is only China's seventh-largest trading partner, accounting for 3.2% of China's foreign trade. Australia is highly dependent on China-Australia bilateral trade, while China is relatively less dependent on trade with Australia (Australian Bureau of Statistics, 2021). According to Robert Keohane and Joseph Nye's theory of interdependence, asymmetric dependence is a source of power. Thus, the asymmetry of dependence in the China-Australia trade relationship brings enormous power to China. In the context of strategic competition between China and the United States, Australia's dependence on political support from the United States, and economic cooperation with China in the meantime, reduce flexibility in Australian policymaking and puts Australia in a dilemma in the face of multiple situations. In terms of trade structure, Australia's exports to China in recent years have been driven mainly by metal ore exports, particularly iron ore, which accounts for 56% of Australia's commodity exports to China from 2019 to 2020. Under the backdrop of China-Australia trade friction, iron ore has become the main driver of Australia's export growth to China amid Chinese restrictions on Australian exports (Australian Bureau of Statistics, 2021).

In some Australians' eyes, such a trade structure could make Australia sink deeper and deeper in the resource curse (Van Ploegn and Frederick, 2011) and pose a severe danger to Australia's economic security (Beeson Mark and Jeffrey Wilson, 2015).

Australia has been ambivalent in its past China policy due to economic interests and geopolitical considerations. However, as Australia's dependence on the Chinese market has grown, so has its domestic opposition. This over-dependence has had the opposite effect, triggering a defense mechanism that has led the Australian government to reduce Australia's economic and trade dependence on China by deliberately making Australian exporters less connected to the Chinese market. To this end, the Australian government has taken a series of measures since 2018, banning Chinese companies' 5G technology, conducting anti-dumping and anti-subsidy investigations on imports from China, and forcing state governments to withdraw their Belt and Road agreements with China. Such actions have extensively damaged the economic and trade cooperation between the two countries and been responded to by China.

4.2 China's Countermeasures Against Australia

In the face of Australia's hostile behavior, China has gone through three stages of suspicion-warning-countermeasure. In the past decades, as a country with which Australia has good economic and trade relations, Chinese people generally had a positive impression of Australia. According to the annual "Chinese People's View of the World" survey, Australia has been ranked among the top "Chinese favourite countries" since 2010. However, the ranking dropped significantly after Australia provoked trade friction. It is also worth noting that Chinese respondents' favourable opinion of Australia is significantly higher than Australian respondents' opinion of China according to the Australian poll, indicating the asymmetry in the impressions of Chinese and Australian people towards each other (Cong Chao, 2021).

While China's impression of Australia is generally positive, Australia's political and economic "containment" of China has aroused China's disbelief and suspicion. In the face of Australia's unilateral damage to China-Australia relations, China, in keeping with its foreign policy, initially refrained from taking large-scale measures to counter Australia and chose to wait and see what happened cautiously. After the Australian
government banned Huawei and ZTE's 5G technology in 2018, China protested by conducting anti-dumping and anti-subsidy investigations into Australian barley and has not taken further countermeasures against Australia since then.

In 2020, in the face of further hostile behaviour by Australia, China adopted a warning-based approach in an attempt to correct Australia's biased view of China and put China-Australia relations on the right track. In November 2020, the Chinese Embassy in Australia released a list of 14 grievances against Australia, pointing out the continued deterioration of China-Australia relations and the reasons for this deterioration from the perspective of China, which included reasons such as Australia's ban on Huawei's 5G technology and false accusations of cyberattacks by China (Lucas Niewenhuis, 2020). However, the Australian government continued to consider China a security threat and viewed the list as coercion against Australia. Trapped in the security dilemma, the Australian government believed that the list interfered in Australia's internal affairs and used the export dependency to coerce Australia into acting in China's interests. Amidst the security dilemma, China's warning further deepens Australia's hostility towards China and slides the bilateral relationship between China and Australia to the worse end of the spectrum.

After the phases of suspicion and warning, China's policy towards Australia has entered a new phase of countermeasure. After the damage Australia did to China-Australia relations, China's overall perception of Australia has shifted from positive to negative. The Australian Studies Center at Beijing Foreign Studies University has been working with the Global Times' Public Opinion Research Center since 2020 on the "Chinese People's View of Australia" polling report, which shows a significant decline in Chinese respondents' favourable perceptions of Australia from 2019. The report also predicts that Chinese people's perceptions of Australia will worsen in the years ahead (School of English, Beijing Foreign Studies University, 2020). As Australia's unfriendly behaviour towards China has increased amidst the security dilemma, China has begun to engage in large-scale countermeasures against Australia. In addition to launching trade investigations into Australian agricultural products, China has also placed restrictions on imports of some Australian resources. In a strong protest against Australia's actions, China's National Development and Reform Commission (NDRC) announced the indefinite suspension of all activities under the China-Australia Strategic Economic Dialogue (SED) mechanism on May 6, 2021, which marked the lowest point of China-Australia relations in the 21st century.

4.3 The Deterioration of Sino-Australian Relations from the Theoretical Perspective

The security dilemma between China and Australia has become one of the significant factors plaguing and hindering the bilateral relationship. Since 2018, the gradual shift of the global strategic competition to the Asia-Pacific, more specifically the Indo-Pacific, region, has to some extent exacerbated the security dilemma between the two countries. Australian political and academic circles generally see the "military threat" from China as the factor that pushes Australia to join the AUKUS partnership. James Laurenceson from the Australian Institute of International Affairs has already pointed out in his study that China-Australia relations are in a security dilemma. China will increase its military spending for its security, just like Australia (James Laurenceson and Chengxin Pan, 2020). There is no doubt that the preconceptions of mutual security threats between China and Australia in this highly competitive region have intensified anxiety and hostility, thus leading to more confrontations between the two countries.

The security dilemma is a crucial factor contributing to the fragility of China-Australian political and economic relations. The security dilemma the China-Australia relationship faces is based on objective and subjective psychological elements. Objectively, Australia and China are both "major players" in the Indo-Pacific region. Australia is suspicious of China because of power asymmetry and overlapping interests, thus introducing extraterritorial powers and upgrading its military equipment to ensure political security. Furthermore, it deliberately reduces its export dependence on China to ensure its economical safety. In the face of Australia's rising military power and economic hostility, China, in the international anarchy, has taken countermeasures for its security and growth, correspondingly improved its military capability, and counteracted Australia's economy and trade. Consequently, China and Australia fell into a vicious circle of negative relationships.

The security dilemma between Australia and China is also based on psychological elements at the subjective level. Australia exaggerated the threat posed by China because of its own strategic culture characterised by "security anxiety". Historically, such strategic culture was formed during the European colonial period, when the Anglo-Saxons in Australia felt a strong sense of isolation due to their distance from Europe and the United States. In addition, their anxiety was exacerbated as East Asian heterogeneous cultures surrounded them. After its independence from Britain, Australia continued to hold such security anxiety, shifting security protection from the United Kingdom to the United States after World War II. Australia's security anxiety continues to this day and still plays a vital role in its strategic culture (Shanpin Xu and Tao Zhang, 2021). As Australian historian Vere Meaney suggested, protecting Australia from potential Asian threats has long been a central concern in Australian defense policy (David Walker and Agnieszka Sobocinska, 2017, p.4). For Australians, Asia has long been portrayed as a security threat, even the ultimate security threat. And as a rapidly growing power in Asia, China has unsurprisingly become an object of "security anxiety" in Australia.

Australia's "security anxiety" has led Australia to subjectively construct a security threat from China, leading to a spell of security dilemma for both China and Australia. China has no intention of infringing on Australia's national interests. At both the political and economic levels, China's restrictive measures against Australia are merely countermeasures within reasonable
limits. Regarding political security, both China's head of state rhetoric and policy-making orientation and China's military spending as a percentage of its GDP reflect that China has no ambition for military expansion. In terms of economic security, China and Australia are highly complementary in trade structure. Seeking to contribute to a globally shared and open international economic system, China hopes to form a mutually beneficial economic relationship with Australia and has no intention to undermine Australia's economic interests. However, Australia sees China as a threat and exaggerates the negative impact of its dependence on the Chinese market and the homogeneity of its export structure. This has led to measures being taken to undermine economic and trade relations with China, resulting in a vicious circle in China-Australia relations.

5. Conclusion

The good economic and trade relations between China and Australia have been undermined since 2018. Australia sees China as its threat for geopolitical and economic security reasons and has taken measures to undermine China-Australia relations. After China took countermeasures, Australia's perception of the China threat theory deepened. Relations between China and Australia continued to decline even though the two countries had no direct conflict of interest. This study explains the objective and subjective factors for the downgrading of China-Australia relations from the theoretical perspective of the security dilemma. It stresses that the anarchy of the international community, the lack of malign intentions of both China and Australia, and the accumulation of rights, including offensive capabilities, constitute the security dilemma of China and Australia and become essential reasons for the continuous deterioration of China-Australia relations since 2018. It should also be noted that this study mainly explains and analyses the decision-making logic of the Australian and Chinese governments at the macro level. On the other hand, the micro-level questions of whether the Chinese and Australian citizens support their governments' assertive policies and why the Australian public does not protest against the government's decisions in the face of substantial economic benefits are possible subjects for further argument and research.

Although Australia's strategic inclinations towards China based on the security consideration have taken shape, there is not yet a consensus. Generally, Australia's policy towards China is still malleable. Subjective rather than objective elements are the main factors shaping the security dilemma. Most arguments about the conflict between China and Australia are constructed in the context of the rampant "China threat theory". This conception is the basis for the formation of the security dilemma, allowing Australia to sink deeper and deeper into the dilemma, even to the detriment of its interests. States can construct security dilemmas and security communities, depending on how their perception works. Despite their political conflicts and differences, China and Australia have seen each other as mutually beneficial economic and trade partners over past decades. The China-Australia trade partnership has been a joint effort and the desired goal for both sides, indicating that the possibility and potential for cooperation between China and Australia still exists. Unfortunately, the behaviour of China and Australia has been constructed as a means of mutual threat in the recent few years. The "prisoner's dilemma has gradually dissolved the idealistic belief in mutual benefit and the win-win situation". It is undeniable that trade is no longer the "ballast" of Sino-Australian relations. Still, it can ensure that the relationship does not "capsize" in this era of globalisation. Even though there is economic and trade friction between Australia and China, the overall trade volume between the two countries will not receive much impact in the short term due to the complementary nature of their trade structure. In addition, Australia's federal election in 2022 will also bring uncertainties to China's relations in the coming years. The different traditions and preferences of the Coalition and Labor on foreign policy, the games and compromises between the two parties, and the factional struggles within political parties will influence and bring the possibility of fluctuations on China-Australia relations (Tuanhui Ning, 2021).

When the Asia-Pacific region moves to the center of the global competition, effectively preventing the deepening of mistrust and avoiding the emergence of new military confrontations becomes an urgent issue for China and Australia, and all the other countries in this region. The deterioration of China-Australia relations has undoubtedly added a new variable to the instability in the Asia-Pacific region. The two countries must form an essential strategic trust to ensure peace and stability. Without the determination of China and Australia to cultivate a minimum level of mutual trust, the antagonism that impedes the stability of the relationship is unlikely to be reduced. Under the backdrop of China-U.S. strategic competition, China-Australia relations should attempt to maintain "cooperation in competition" rather than "cooperation in conflict".

References


