



Factors in Defending Australia's Interests in the Pacific through Pacific 'Step-up' Foreign Policy Decision-Making in 2017-2018

Nasywa Amelia Sasikirana¹, Cecep Hidayat²

¹Political Science Department, University of Indonesia

²Political Science Department, University of Indonesia

*Email: ¹nasywa.amelia@ui.ac.id, ²cecep.hidayat@ui.ac.id

Abstract

Australia makes the Pacific region a fundamental interest to defend its national interests. This commitment was made by launching a Pacific 'step-up' foreign policy in 2018 based on the 2017 Foreign Policy White Paper. Foreign policy decision-making is caused by external factors and internal factors. These external factors stem from the growing strategic competition between the United States and China in the Pacific as well as China's increasing influence that could shift Australia's influence as a traditional Pacific partner. Meanwhile, the internal factors stem from the perception of Australia's political elite towards the Chinese threat and public opinion that supports government intervention in the Pacific. The merger of external and internal factors prompted Australia to take action in 'balancing'. This is because the United States and China are partners in national interests, so the choice to establish relations with Pacific Island Countries (PIC) is the right choice. Meanwhile, the Australian government's efforts to counter the Chinese threat and the Australian Government's support for providing assistance to the Pacific helped drive the policy. The problem is studied by using the policy-making theory of Graham T. Allison and the concept of neoclassical realism to look at the process of Australian foreign policy-making related to changes in the rules-based order and domestic conditions of Australia. The method used in this study uses a qualitative approach. The results of this study show that Pacific 'step-up' foreign policy is capable of defending Australia's national interests.

Keyword: *Pacific 'step-up'*, Foreign Policy, Australia, Geopolitics





Abstrak

Australia menjadikan kawasan Pasifik sebagai kepentingan mendasar untuk mempertahankan kepentingan nasionalnya. Komitmen tersebut dilakukan dengan meluncurkan kebijakan Pacific 'step-up' pada tahun 2018 yang berlandaskan pada Buku Putih Kebijakan Luar Negeri 2017. Pengambilan kebijakan luar negeri tersebut disebabkan oleh faktor eksternal dan faktor internal. Faktor eksternal tersebut berasal dari persaingan strategis yang meningkat antara Amerika Serikat dan Tiongkok di Pasifik serta peningkatan pengaruh Tiongkok yang dapat menggeser pengaruh Australia sebagai mitra tradisional Pasifik. Sementara itu, faktor internalnya berasal dari persepsi elit politik Australia terhadap ancaman Tiongkok dan pendapat masyarakat yang mendukung intervensi pemerintah ke Pasifik. Penggabungan faktor eksternal dan internal mendorong Australia untuk mengambil tindakan dalam melakukan 'penyeimbangan'. Hal ini disebabkan karena Amerika Serikat dan Tiongkok merupakan mitra bagi kepentingan nasional, sehingga pilihan untuk menjalin hubungan dengan Pacific Island Countries (PIC) menjadi pilihan yang tepat. Sementara itu, pemerintah Australia yang berupaya melawan ancaman Tiongkok dan dukungan masyarakat terhadap Pemerintah Australia untuk memberikan bantuan ke Pasifik ikut mendorong pengambilan kebijakan tersebut. Permasalahan tersebut dikaji dengan menggunakan teori pengambilan kebijakan dari Graham T. Allison dan konsep realisme neoklasik untuk melihat proses pengambilan kebijakan luar negeri Australia yang berkaitan dengan perubahan pada tatanan berbasis aturan dan kondisi dalam negeri Australia. Metode yang digunakan dalam penelitian ini menggunakan pendekatan kualitatif. Hasil penelitian ini menunjukkan bahwa kebijakan luar negeri Pacific 'step-up' mampu untuk mempertahankan kepentingan nasional Australia.

Kata kunci: *Pacific 'step-up', Kebijakan Luar Negeri, Australia, Geopolitik*

Introduction

Australia issues Pacific 'step-up' foreign policy published through 2017 Foreign Policy White Paper. This initiative aims to fortify Australia's relations with Pacific Island Countries (PIC) through various mechanisms, including development aid and economic collaboration. The Australian Government embarked on this strategy as part of its national defense and external policy framework in the Pacific region. This approach integrates the Indo-Pacific strategic framework, enhances multilateral, trilateral, and bilateral strategic partnerships such as the revival of QUAD partnerships, develops capabilities through AUKUS, increases regional military exercises, and heightens diplomatic efforts in the Pacific and Southeast Asia (National Defence Strategic Review, 2023: 33).





The Pacific ‘step-up’ foreign policy initiative reflects the Australian Government’s recognition of emerging geopolitical threats. These threats stem from China’s growing influence, marked by its active role in providing development assistance and investment in Pacific nations. Although the policy doesn’t explicitly reference China, it was formulated in response to diplomatic tensions between Australia and China. China’s presence in the Pacific introduces strategic competition with the US, which will significantly influence strategic dynamics in the Indo-Pacific (Defence Strategic Update, 2020: 11).

Australia’s national interests encompass security, prosperity, and the preservation of the international system (Tyler & Ivimey, 2015). Balancing these interests presents a significant challenge to Australia’s foreign policy, as actions defined as ‘national interests’ depending on the perspectives of different groups or the prevailing government. Government leaders in Australia often address the challenges posed by China’s presence based on their individual priorities, resulting in a tendency towards isolationist policies during their tenure. This is exemplified by the differing responses to Chinese threats from the Liberal Party of Australia under the leadership of Malcolm Turnbull and Scott Morrison, leading to varied outcomes in foreign policy planning. Moreover, the evolving strategic dynamics in the Pacific region have prompted Australia to undertake measures aimed at curbing Chinese influence and reconstructing a global order that aligns with its national interests.

Research on the Pacific ‘step-up’ foreign policy is crucial to show the region’s continued high attractiveness, which spurs foreign powers to expand their influence. This dynamic compels Australia to fortify its position and safeguard its national interest. This study will examine the factors driving Australia’s implementation of the Pacific ‘step-up’ foreign policy to bolster its national interests.

Based on this context, the problem statement formulated is “How do external and internal factors drive Australia to enhance its national interests through the implementation of the Pacific ‘step-up’ foreign policy in the Pacific region during 2017-2018?”. In achieving the purpose of this article, the author will discuss the relationship between policy-making and the evolving dynamics in the Pacific region, particularly in light of the strategic competition between the US and China as well as the Australian government’s response to the perceived threat from China and the perspectives of the Pacific Island Countries (PIC).

Literature review





Australia has shifted from a state of 'alert' due to China's increasing presence in the Pacific. Varral (2021) identifies two primary factors underlying this perspective. *First*, concern about China are perceived as driving renewed interest among Pacific Island Countries (PIC) to cooperate with China. *Second*, Australia recognizes the vulnerability of the PIC, which aren't in a position to counter China's influence as effectively as Australia. The interplay of these factors undermines Australia's security stability both regionally and within the international system. The Pacific 'step-up' foreign policy is a key element of Australia's strategy to mitigate its concerns about China's activities in the Pacific. Lilford (2019) proposes three fundamental ideas to enhance Australia's politically legitimate engagement in the region. *First*, the Pacific holds significant value for Australia, playing a crucial role in ensuring national security. *Second*, China's diplomatic and economic presence has the potential to disrupt Australia's regional security order. *Third*, there exist a 'special relationship' between Australia and the Pacific, necessitating closer cooperation and integration under Australian leadership.

Varral's research elucidates that China's significant influence, combined with the willingness of Pacific Island Countries (PIC) to engage with other partners, could drive Australia to adopt such policies. Conversely, Lilford explains that Australia's heightened involvement with the Pacific is perceived as a response to a regional security threat. However, the author posits that the Pacific 'step-up' foreign policy is influenced not only by the dynamics between China's assertiveness and the PICs autonomy in selecting partners but also by shifts in the rules-based order, necessitating a deeper examination of the policy-making process. Additionally, Australia's engagement isn't confined solely to regional considerations but is also closely tied to national security imperatives.

Australia's position as a middle-power country influences its ongoing relationships with strategic partners. Blaxland (2017) suggest that while Australia can manage the balance of influence between the US and China in its bilateral cooperation, this remains a challenge. The difficulty arises from Australia's uncertainty in maintaining partnerships with both the US and China amidst strained Beijing-Washington relations. Given the deteriorating relationship between Australia and China, it is imperative for Australia to engage constructively, respectfully, and openly to better understand China's intentions and promote favorable accommodation.

Australia's response to the competition between the US and China has intensified following the issuance of the Pacific 'step-up' foreign policy in the 2017 Foreign Policy White Paper. Previously, no policy explicitly addressed Australia's stance on the competition between these two powers. However, the 2003 White Paper highlighted Australia's views on the two most significant influences on its foreign policy: its relationship with the US and the growing economic role of





East Asia (Chan, 2020). The United States is anticipated to remain the world's most powerful country, while China's expanding influence represents a critical strategic development for Australia over the next 15 years. Australia must maintain strong military and political ties with the US, yet its economic dependence on China necessitates a balancing act in its foreign policy.

McLean (2016) examines how Australia's elite manage the foreign policy process, particularly concerning strategic issues that safeguard high-level security matters from becoming central topics in domestic political debate. Employing a neoclassical realism approach, McLean elucidates how the government acts to minimize domestic influence on international decision-making. Leaders in the Australian government address the challenges posed by China's presence in various ways, according to their individual priorities, resulting in distinct policy characteristics during their respective tenures.

Chan's literature provides limited discussion on Australia's stance regarding the competition between the US and China, as the explicit articulation of this stance emerged more sharply following the publication of the 2017 Foreign Policy White Paper. In contrast, Blaxland's literature examines Australia's partnerships with key allies without directly linking it to foreign policy concerning China's presence in the region. Therefore, this study will contribute by focusing on the Pacific region and the Pacific 'step-up' foreign policy. Lastly, while McLean's literature employs a neoclassical realism approach to analyze government responses in foreign policy, this study will incorporate decision making theory with a rational choice model to explore the political contributions to the Pacific 'step-up' foreign policy making process.

Method

This research will concentrate on the Pacific 'step-up' foreign policy making process in the Pacific region during 2017-2018, employing case studies within a qualitative approach. Qualitative research involves the exploration of social problems or phenomena (Creswell, 2003). A case study is an in-depth investigation of a process involving one or more individuals constrained by a specific timeframe, during which researchers gather detailed information using various data collection methods (Stake, 1995). The data for this study will be sourced from Australian government documents, media articles and reports, academic studies, and Australian survey data.

This article will employ an explanatory research approach, providing detailed explanations of the data. According to Neuman (2006), explanatory research is utilized to thoroughly explain a





phenomenon. This approach has been selected to re-examine the factors that influenced the decision-making process behind the Pacific 'step-up' foreign policy in the Pacific region, aimed at safeguarding Australia's national interest through enhanced engagement with the Pacific Island Countries (PIC) during 2017-2018. This policy shift occurred amidst the strategic rivalry between the US and China, altering the rules-based order and shaping the government's response to China's growing influence, the perspective of the PIC, and public opinion support and polls.

Conceptual Framework

A policy originates from the rational decisions of political actors within a government. Each foreign policy crafted by a state reflects its national interests. This underscores that the Pacific 'step-up' foreign policy making process is inherently linked to the decision of political actors in the Australian government, aimed at bolstering national interests. Graham T. Allison's (1971) decision-making theory elucidates that state actions are driven by rational choices rooted in national interest. Within this framework, the rational choice model effectively explains the government role as the primary actor in policy-making.

According to Allison, the government evaluates the most pragmatic actions that are likely to best fulfil the objectives of national interest. In incremental decision-making, rational leaders can implement minor adjustments in rapid succession, thereby mitigating potential risks. The rational choice model comprises four stages (Allison, 1969). The first stage, *goals and objectives*, involves defining the aims and interests to be achieved by the state. The second stage, *alternatives*, pertains to consideration of various options available to policymakers for achieving their goals in response to prevailing conditions. The third stage, *consequences*, addresses the potential outcomes associated with the chosen alternatives (Allison, 1971). The fourth stage, *choices*, involves selecting the option that most effectively facilitates the attainment of the previously established goals.

The neoclassical realism framework, as articulated by Gideon Rose, provides a valuable perspective for understanding the formulation of foreign policy, given that the state seeks to ensure its survival within an anarchic international system (Rose, 1998). This framework incorporates both external and internal factors. External factors include the assessment of the international structure of threats and opportunities, as well as the actions of other nations aimed at maintaining the balance of power, which significantly influence foreign policy decision-making. Internal factors encompass domestic conditions that shape the perceptions of the state or its elite in addressing threats and managing intercommunity relations. These factors are interconnected within a state, resulting in a foreign policy that adapts to contemporary conditions.





Applying this concept to the case of Australia, it can be argued that the strategic competition between the US and China in the Pacific compels Australia to formulate a foreign policy aimed at preserving the international balance of power. Prior to enacting this policy, Australia must explore various alternatives that enable continued cooperation with both the US and China, given that both are integral to Australia's national interests. The focus of the foreign policy will be on the Pacific region, as China's growing presence in his area threatens to alter Australia's influence, coupled with domestic sentiments favoring intervention in the Pacific without resorting to military means. Consequently, Australia has opted for a Pacific 'step-up' foreign policy.

Result and Discussion

1. Dynamics change in the Pacific region

The geopolitical landscape in the Pacific region began to shift when China's growing presence was perceived as a threat to Australia. Initially, Australia and China enjoyed a robust economic relationship, with China becoming Australia's largest two-way trading partner (Austrade, 2019). Australia even viewed China's increased presence in the Pacific positively, encouraging China to assist PIC in achieving greater economic independence (Wallis, 2016). However, apprehension grew as China expanded its Belt and Road Initiative (BRI) projects beginning in 2013.

The BRI aims to enhance China's global infrastructure and investment capabilities. The most significant BRI project in this context was in Papua New Guinea, involving the construction of a \$4 billion industrial estate in Sandaun Province and the improvement of road networks on the mainland, New Britain, and New Ireland valued at \$3.5 billion (Li, 2022). International critics have labelled the BRI as a form of debt-trap diplomacy due to the opaque nature of funding for PIC, which contrasts with the IMF's strategic for developing countries and lending practices targeting low income nations (Himmer, 2023).

China is also perceived as subtly extending its influence into Australia's domestic politics. In June 2017, a joint investigation by Four Corners and Fairfax Media revealed that the Chinese Communist Party (CCP) had penetrated Australian institutions to undermine national interests and advance the CCP's agenda. Some Chinese businesspeople were suspected of disloyalty to Australia due to their affiliations with the CCP, which led to the resignation of former Australian Labor Party senator Sam Dastyari, who had publicly endorsed China's positions and argued that Australia should respect China's decisions.

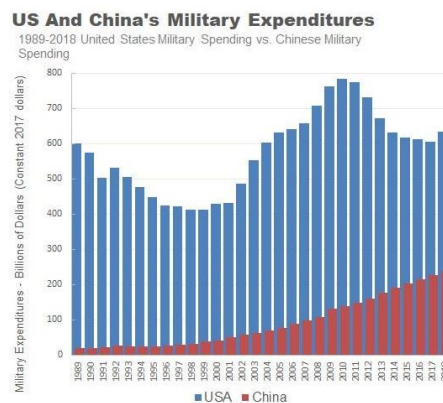




China's influence is increasingly perceived as a 'challenge' for the hegemony of the US, which is a key ally of Australia, particularly evident in the Pacific region. The bilateral relations between the US and China have become more strained following the onset of a trade war in 2017. China is increasingly recognized as the primary strategic competitor of the US. Indeed, China's resurgence has been identified as a significant threat to the long-term interest of the US as highlighted by the Trump administration (White House, 2017)

According to data from SIPRI (2019), the US military expenditure is approximately three times that of China over the past two years, 2017-2018. In 2017, US defense spending amounted to \$646 billion, whereas China's expenditure was \$210 billion. In 2018, US spending increased to 682 billion, while China's rose to \$235 billion. Despite the US maintaining higher levels of military expenditure compared to China, the spending trends indicate fluctuations in the former, whereas China's military spending shows a consistent annual increase. This trend suggests that, over time, China may potentially approach or even surpass the US in military expenditure.

Graphic 1. Comparison of military spending between the US and China



Source: SIPRI, 2019

There have been reports concerning the anticipated expansion of Chinese military power. China is allegedly negotiating with Vanuatu to establish a military base, evidenced by its funding of a substantial pier recently inaugurated at Espiritu Santo. While the pier was initially constructed for the temporary accommodation of unspecified 'large ships' it has the potential to host Chinese naval vessels in the future (Pryke, 2018). Additionally, over the past decade, China has provided military equipment grants to several PIC. Specifically, Fiji received military assistance amounting to \$5.9 million, Papua New Guinea \$18.5 million, Tonga \$2.6 million, and Vanuatu \$400,000 (Liang, 2022).





2. Australia's alternative to defending national interests

Australia maintains a conservative stance towards the international order. As China expands its influence into the Pacific, this development signifies China's growing global reach. Should China succeed in garnering support in the Pacific through economic engagement and diplomatic efforts, it may indirectly alter Australia's positioning in the region and pose a threat to the security of the US, an ally of Australia. Such shifts in balance and geopolitical competition challenge the current international order. These challenges endanger Australia's national interests as a middle-power seeking to exert influence within the international system. This situation is pertinent to the international system's impact on the foreign policy-making process, as Australia aims to achieve its strategic objectives.

To effectively pursue its goals, Australia must carefully evaluate the available foreign policy alternatives. *First*, option is to enhance cooperation with China. Given that China is Australia's largest trading partner, this approach could provide significant economic benefits. In the 2017-2018 period, China was Australia's foremost trading partner with a total of AUD 194.6 billion in two-way trade, whereas the US, despite being an ally, ranked third with AUD 70.2 billion (Austrade, 2019). However, relations between Australia and China began to strain in 2017 due to growing concerns over Chinese influence in various Australian sectors.

Domestic disturbances emerged when it was revealed that donors connected to the Chinese Communist Party (CCP) were attempting to influence political parties, as well as universities, research institutions, and prominent individuals in Australia. Media investigations uncovered that China-linked entities were among the largest donors to both the Labour Party and the Liberal Party, contributing over AUD 5.5 million (Searight, 2023).

Australia is a prime target for operations by the Chinese Communist Party (CCP) due to its strategic importance as an ally of the US within the increasingly contested Pacific region. If China succeeds in altering Australia's stance on countering Chinese activities, it could undermine U.S. regional leadership, thereby facilitating China's expansionist ambitions in the Pacific (CSIS, 2020). Public opinion in Australia regarding China is divided demographically. A majority of older Australians (54% of those aged 45 and over) believe that China is likely to pose a military threat to Australia within the next 20 years, whereas only 38% of younger Australians (aged 18-44) share this concern (Lowy Institute, 2017).

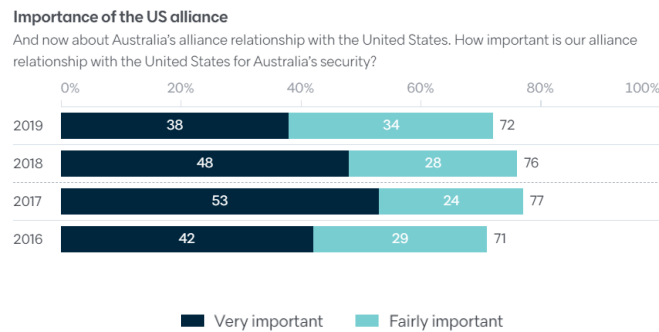
Second, Australia could strengthen its cooperation with the US. As a middle-power nation, Australia's security stability remains closely tied to its alliance with the US Survey data reveals





that 77% of Australians regard the Australia-U.S. alliance as either 'adequate' or 'important' for national security, marking a 6 point increase from the previous year (Lowy Institute, 2017). The perceived importance of this alliance was notably higher during the escalation of tensions in the Pacific in 2017 compared to preceding and subsequent years.

Graphic 2. The importance of Australia's alliance with the US



Source: Lowy Institute, 2019

Economic relations are as critical as security stability for Australia. However, Australia's economic ties are more heavily reliant on China compared to its relationship with the US. According to data from the Global Times 2020, nearly 49.5% of Australians view U.S. influence on Australia as a significant disruptive factor in the bilateral relationship with China. In contrast, only 32.5% attribute the disturbance to ideological differences, and 13.7% to domestic political factors within Australia (Chao, 2020).

The strategic rivalry between the US and China presents a complex dilemma for Australia, given that both nations are pivotal partners. Balancing the need for security cooperation with the US and the importance of economic engagement with China is challenging. Thus, aligning exclusively with either China or the US does not yield an optimal outcome for advancing Australia's national interests. Nonetheless, the alliance with the US is perceived as the more viable option if Australia is prepared to forgo certain economic benefits.

Third, cultivating relationships with Pacific Island Countries (PICs) is increasingly pertinent. The emergence of new great powers such as China, which challenges U.S. dominance, heightens geopolitical competition in the Pacific region. This shift raises concerns about a potential diminution of Australia's traditional influence as a Pacific partner. Enhancing Australia's engagement in the Pacific is deemed a prudent strategy, as it avoids the necessity of choosing sides between competing powers, thereby preserving Australia's ability to collaborate with both





simultaneously. This focus on the Pacific is not merely a matter of geographical proximity but also reflects a longstanding and profound Australian commitment to maintaining regional influence and preventing the exclusion of other countries from the area (Dobell, 2020). A significant majority, 81% of Australians, support the provision of military and humanitarian assistance to PICs in the future, while only 11% advocate for non-intervention.

Table 1. Australia's intervention in the Pacific

Pacific interventions

Table 20: Now about the Pacific region. If there is another major crisis in the Pacific, such as happened in the Solomon Islands in 2003, do you personally think Australia should:

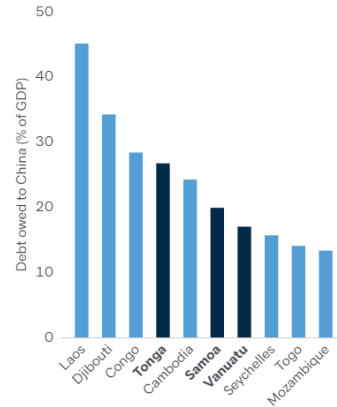
	2017
Intervene to provide military and humanitarian support	81%
Not become involved	11%
Don't know/no view	8%

Source: Lowy Institute, 2017

The expansion of China's development assistance and investment through the Belt and Road Initiative (BRI) indicates that Pacific Island Countries (PICs) may seek support from alternative partners. This shift poses potential risks, such as debt-trap diplomacy (Varral, 2021). PICs often experience weak and structurally unstable economic growth, which diminishes their capacity to service substantial debt over time and could destabilize regional coordination. Currently, six out of ten Pacific nations are indebted to China, including Fiji, Samoa, Tonga, Vanuatu, Papua New Guinea, and the Cook Islands. Among these, three are among the highest debtors to China. This situation is crucial for Australia, as it impacts its capacity to defend and secure its regional borders.

Graphic 3. Countries that owe China in the Pacific region and beyond





Source: VoxEu, 2018

Australia's desire to improve ties with the Pacific region is also driven by its two main strategic interests in the Pacific region. *First*, to ensure that no force hostile to Western interests establishes a strategic foothold in the region to launch an attack on Australia. *Second*, to ensure 'security, stability, and cohesion' in the region, as instability is considered to make the PIC vulnerable to hostile forces.

3. Formulation of the foundation for the Pacific 'step-up' foreign policy

Pacific 'step-up' foreign policy initiative is rooted in the 2017 Foreign Policy White Paper. Prior to its formalization, the seventh chapter of the white paper was titled "A shared agenda for security and prosperity". This chapter emphasized priorities such as enhancing economic cooperation and integration within the Pacific region and with the economies of Australia and New Zealand, particularly through labor mobility. It also addressed security challenges with a focus on maritime issues, the strengthening of people-to-people relationships, the development of skills and leadership, and the improvement of climate change resilience and disaster response mechanisms (Foreign Policy White Paper, 2017: 99).

The Foreign Policy White Paper represents the fundamental framework for guiding Australia's foreign policy in alignment with national interests. Distinct from prior policy directions, this white paper confronts more complex challenges due to escalating global uncertainty, fragmentation, and pressures on the 'rules-based order'. The dynamics of Australia's relationship with the US have become less predictable, driven by the necessity for strategic autonomy and the need to effectively balance engagement with China, the principal strategic competitor of the US. Additionally, Australia requires proactive and decisive diplomacy, as well as robust partnerships, to foster a more resilient Pacific.





The public consultation period for the white paper concluded in February 2017, encompassing discussions with international partners, experts, businesses, as well as civil society and non-governmental organizations (Parliament of Australia, 2017). The white paper was developed under the Turnbull Government, in collaboration with the Department of Foreign Affairs and Trade (DFAT). In terms of the government's approach to emerging threats, Turnbull is perceived as less cautious regarding China's presence and more supportive of China's economic transition opportunities. Nevertheless, expert and organizational recommendations have been instrumental in guiding the government towards achieving its national interests through the Pacific policy 'step-up'.

This perspective is endorsed by Australian security policy analyst Hugh White, who argues that Australia's foreign policy should avoid choosing between the US and China and instead promote strategic competition where both powers are encouraged to share influence in the Pacific (Grigg & Murray, 2016). Additionally, Australia should actively facilitate mutual recognition of each country's role in the Pacific by both the US and China. While Turnbull does not fully align with the provocative notion of power-sharing between the US and China, he supports the idea that Australia should pursue a more autonomous policy.

The Australian government has been actively participating in international forums leading up to the release of the white paper to project its foreign policy direction. For example, at the Shangri-La Dialogue in June 2017, Turnbull highlighted the perceived threat from China in the Pacific and underscored the significance of maintaining a rules-based international order. He urged China to respect the sovereignty of both large and small nations to ensure continued peace and stability (Turnbull, 2017). In September 2017, Turnbull also attended the 48th Pacific Island Forum. During this forum, Samoa's Prime Minister, Tuilaepa Sailele Malielagaoi, introduced the concept of the Blue Pacific. This concept emphasizes the autonomy of Pacific nations to define and pursue their own strategic interests. The Blue Pacific framework broadens the security agenda to include human security, environmental security, and regional cooperation in enhancing resilience to disasters and climate change, with significant geopolitical implications (Kabutaulaka, 2021).

Turnbull utilized his engagement at the 2017 Pacific Islands Forum (PIF) to outline his commitment to "enhance" Australia's involvement in the forthcoming 2017 Foreign Policy White Paper. Initially, the Australian government had planned for the white paper's release in August or September. However, due to additional uncertainties in the international environment, including divergent security perspectives, the publication was delayed. Australia's 'Indo-Pacific' strategy primarily addresses military security issues, whereas Pacific security concerns encompass





humanitarian aid and climate change. Within an expanded security framework, climate change is regarded as the most critical threat to Pacific Island Countries (PICs).

The 2017 Foreign Policy White Paper was officially launched by the Australian Government, designated by the Department of Foreign Affairs and Trade (DFAT) and endorsed by the entire cabinet on 23 November 2017 (Parliament of Australia, 2017). This white paper prominently highlights the significance of values and institutions in shaping Australia's national vision and interests. The principles outlined in the white paper were also carried forward into subsequent administrations, including during Morrison's tenure starting in mid-2018. In September 2018, the PICs convened another forum to discuss the Boe Declaration on Regional Security, further reinforcing and continuing the Blue Pacific initiative. This demonstrates that climate change is increasingly recognized as a central priority for the Pacific region.

The Pacific 'step-up' foreign policy was announced in Morrison's Lavarack Barrack speech in November 2018 as a version of his leadership of Australia's Pacific move forward that takes engagement to a new level. There is also a narrative shift in Australia from the mention of 'backyard' to 'family' to frame Australia's relationship with the PIC as one based on respect, equality and openness. In addition, the Pacific narrative as part of Australia's 'family' can encourage psychological construction in carrying out political functions in the region.

Morrison delivered a series of new development-focused initiatives, including infrastructure financing, increasing workforce mobility opportunities, fostering security by more engaging *the Australia Defence Force* (ADF), and strengthening climate and disaster resilience. The choice to improve infrastructure is related to climate change, this is because the *International Monetary Fund* (IMF) estimates that PICs need 6-9% of GDP every year for 10 years to make their infrastructure resilient to climate change and improve coastal protection (*Parliament of Australia*, 2017). In addition, China has also provided low-cost loans for infrastructure which has caused PICs to benefit from economic ties with China. This reason prompted the Australian government to take a 'step forward' in the Pacific to try to stem China's influence (Morris, 2019). With the growing gap in the capacity of PICs to address the problem, the Pacific is expected to remain one of the regions that depends on aid.

Infrastructure financing is achieved by fulfilling infrastructure through *the Australian Infrastructure Financing Facility for the Pacific* (AIFFP) and the provision of additional capital worth AUD 1 billion which was withdrawn to *the Export Finance and Insurance Corporation* (EFIC). In announcing this initiative, Morrison noted that the infrastructure needs in the Pacific are so great that are estimated to require an investment of 3.1 billion USD per year between 2016





and 2030. The creation and structure of the *Australian Infrastructure Financing Facility for the Pacific* (AIFP) fall outside the purview of the 2019 Export Finance and Insurance Corporation (Support for Infrastructure Financing) Amendment Bill. However, the new authority for foreign infrastructure financing conferred upon EFIC by the bill enables EFIC to administer AIFP loans. The bill was presented to the House of Representatives by the Assistant Minister of Trade, Tourism, and Investment.

In addressing security challenges, the Australia Department of Defence is working with DFAT to coordinate efforts involving the presence of the ADF to conduct military training and activities, build stronger people-to-people relationships, and provide infrastructure for Pacific security capabilities (*Australian Government Defence*, 2017). The presence of the ADF is involved in the *Pacific Maritime Security Program* (PMPS). There are several tasks carried out by involving the Department of Defense with DFAT. *First*, infrastructure development through the improvement of dock infrastructure for the Guardian-class Patrol Ship and the construction of western and eastern border posts in the Solomon Islands. *Second*, disaster management is carried out by rebuilding the Peacekeeping Camp, humanitarian aid, and Blackrock disaster management in Fiji. *Third*, running a medium employment program through Goldie Riber Training to improve living standards and operational capabilities in Papua New Guinea.

The Pacific 'step-up' foreign policy initiative comprises three main components. First, economic integration partnerships. Australia advocates for the *Pacific Agreement on Closer Economic Relations* (PACER) Plus to facilitate better economic integration within the Pacific region. Additionally, the Pacific Labour Scheme permits 3,000 individuals from Nauru, Kiribati, and Tuvalu to work in rural Australia for three years. The initiative also includes the *Australian Infrastructure Financing Facility for the Pacific* (AIFPP) and a proposal for the Australian Parliament to approve additional resources and authority for the *Export Finance and Insurance Corporation* (EFIC). Funding allocated for the region includes AUD 3 billion for infrastructure loans, AUD 1.2 billion for supporting airports, submarine cables, highways, and renewable energy projects, and AUD 1 billion for grants (Wallis, 2020).

Second, partnerships in addressing security challenges. Australia will continue to enhance coordination of defense, intelligence, border security, and justice training through the *Pacific Transnational Crime Coordination Centre* to improve information sharing among national and regional law enforcement agencies. The establishment of the *Australia Pacific Security College* aims to expand national security training and assistance in the Pacific, fostering responses tailored to specific national security challenges. Further security updates include the establishment of the





Pacific Fusion Centre in Vanuatu, a regional body tasked with analyzing security issues and facilitating informed decision-making to mitigate threats in the Pacific.

As stated in the 2017-2018 Portfolio Budget Report, total government funding for defence is AUD 68.5 million. Meanwhile, Australia's *Pacific Defence Cooperation Program* (DCP) has a budget of AUD 131.7 million involving the Pacific navy and the maritime wing of the police designed to enhance the PIC's ability to independently monitor maritime zones. A key element of the DCP is the *Pacific Maritime Security Program* (PMSP) which is a continuation of the *Pacific Patrol Boat Program*, in which Australia provides 22 patrol vessels to 12 countries included in the PIC.

The details of expenditure for involvement in the Pacific region are recorded in Australia's 2017-2018 Portfolio Budget Statement, with details consisting of costs for the Pacific region of AUD 55.7 thousand, costs for the Southeast Asia region of AUD 21.3 thousand, costs for other regional activities of AUD 8 thousand, and the *Defence International Training Centre* 4.6 thousand AUD. Meanwhile, the largest regional budget in the DCP is allocated to Papua New Guinea to support its defense forces by facilitating the implementation of bilateral exercises, mobile training teams, infrastructure and logistics support, and sharing information on border issues. The cost for Papua New Guinea is 41.8 thousand AUD.

Table 2. Funding Budget Report for the *Defence Cooperation Program* 2017-18

	2015-16 Actual \$'000	2016-17 Budget Estimate \$'000	2016-17 Estimated Actual \$'000	2017-18 Budget Estimate \$'000
Papua New Guinea	38,942	40,788	40,239	41,808
South Pacific Region ^[1]	42,156	38,876	39,628	55,714
South-East Asia	15,977	19,334	18,925	21,380
Other regional activities ^[2]	6,523	7,830	5,534	8,196
Defence International Training Centre ^[3]	4,231	4,599	4,575	4,625
Total^[4]	107,829	111,427	108,901	131,722

Source: Portfolio Budget Statement Australia 2017-18

Third, partnerships on community relations that include education such as *Pacific Technical College* and scholarships for study in Australia, with a sharper focus on preparing graduates to engage in society. In addition, the establishment of *Pacific Leadership and Governance* was also established to train new leaders and prepare them for the challenges of modern governance, where human capital investment can support economic growth and better government service delivery.





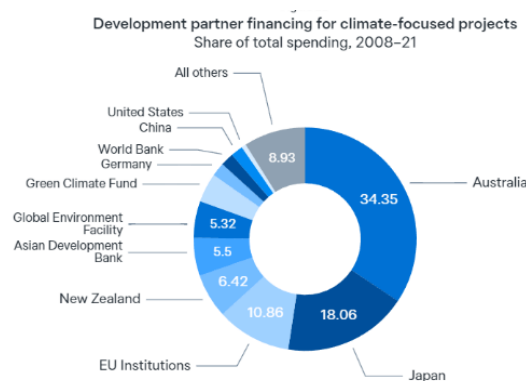
Fourth, partnerships on climate change, resilience, and disaster response. Australia has provided Australia \$300 million over four years to provide climate science and data and other support to help its partners adapt to climate change and mitigate its impacts. Australia also helped PIC access resources from the *Green Climate Fund* of 200 million Australia dollars. Disaster management will include funding experts to work with the Pacific National Disaster Management Office and the Australia Red Cross to improve disaster preparedness and strengthen Pacific civil society.

4. Result of Pacific 'step-up' foreign policy

Australia's decision to issue a Pacific 'step-up' foreign policy shows that there is a difference. When looking at the leader's response, Morrison is considered more cautious than Turnbull but his vigilance is often judged excessive without any serious action. Morrison was able to respond to his concerns about the Chinese threat by trying to equate it with China's assistance in infrastructure development in the Pacific, security cooperation, and training for Pacific people. However, the actions of his ministers show disregard for concerns and fail to take responsibility.

Australia's 'step forward' is seen as an introduction to geopolitical competition that the PIC doesn't want. This is driven by the view that the PIC accepts all forms of cooperation of each country by viewing it as a friend and no one is an opponent. This is considered not to provide too significant changes because Pacific countries do not see China as a threat, but climate change is actually important. If Australia shows more seriousness about climate change, it could deliver more significant results that not only achieve Australia's national interest but also improve the relationship with the PIC. Although Australia seems less serious about responding to climate change, in fact Australia still ranks as the largest partner for projects focused on climate change. With a percentage of 34.35% (Lowy Institute, 2019).

Graphic 4. Financing by development partners for projects focused on climate change

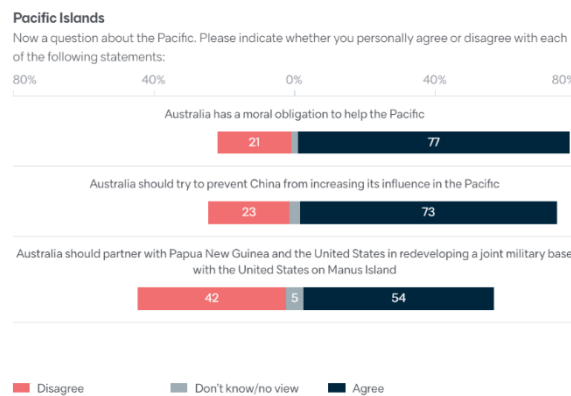




Source: Lowy Institute, 2024

The Pacific 'step-up' *policy* has become a long-term trend for Australia people's support for the government that has shown positive results. In line with growing concerns over China's presence, seven in ten Australians, at 73 per cent, agree that Australia should try to prevent China from increasing its influence in the Pacific. As many as 55% of Australians believe that the opening of Chinese military bases in the Pacific would pose a critical threat. The majority of Australians, at 77%, agree that Australia has a moral obligation to help the Pacific (Lowy Institute, 2019).

Graphic 5. Priorities for the Pacific Region according to Australians



Source: Lowy Institute, 2019

Meanwhile, the impact of *the Pacific 'step-up' foreign policy* as a 'counterweight' in facing competition between the US and China also provides benefits for the relationship between the two. In relation to the US, Australia in the Morrison administration affirmed the long-standing security relationship between Australia and the US by agreeing on shipbuilding cooperation during nuclear in AUKUS (Vucci, 2022). Meanwhile, joint economic and trade cooperation with China has grown despite political tensions. In 2021, bilateral trade between the two reached 231.2 billion USD, an increase of 35.1% compared to the previous year (Wu, 2024).

Conclusion

Australia has three enduring national interests that include security, prosperity linked to the economy and community development, and the maintenance of the international system. These





national interests are listed in Australia's Foreign Policy White Paper. The existence of strategic competition between the US and China in the Pacific is a factor that tests the international order, moreover the two countries are important partners related to their national interests. However, at the same time, China's increasing influence is increasingly threatening because it could shift Australia's influence to the *Pacific Island Countries* (PIC). This problem is an external factor for Australia to take appropriate action in balancing without having to limit itself. This is because safeguarding the common interests of the US is as important as conducting economic relations with China. To achieve Australia's national interest, a more viable alternative is to establish a relationship with the PIC.

In order to establish such a relationship, Australia responded by planning a *Pacific* 'step-up' foreign policy-making. Not only is it based on strategic competition and Australia's actions to make a balance, but also because of internal factors. The internal factors were driven by different government responses, where Turnbull was considered not vigilant, while Morrison was considered responsive to achieve a balance in economic and security aspects but excessively. In addition, the support of the Australian people who encourage the intervention of the Australian government in the Pacific is also a series of policy-making. There is an important point where *the Pacific 'step-up' policy* can be explained more as a form of defending Australia's interests than for improving relations with the PIC. This is because Australia and the PIC have different views on climate change. Encouraged by external and internal factors, Australia succeeded in making the *Pacific policy a 'step-up'* in response to defending its interests, but did not show the optimal results that the policy was a form of improving relations with the PIC. Nevertheless, continued support and investment have made Australia the largest partner in climate change-related projects.

References

- Allison, Graham T. (1969). Conceptual Models and the Cuban Missile Crisis. *American Political Science Review*. 63(3): 689-718. doi: 10.2307/1954423.
- Allison, Graham T. (1971). *Essence of Decision: Explaining the Cuban Missile Crisis*. New York: Longman.
- Blaxland, John. (2017). Strategic Balancing Act: Australia's Approach to Managing China, the USA and Regional Security Priorities. *Security Challenges*. 13(1), 19-40.
- Chan, Lai-Ha. (2020). Strategic Hedging: A "Third Way" for Australian Foreign Policy in the Indo-Pacific. *National Bureau of Asian Research*. pp. 87-112.





- Chao, Cong. (2020, 24 Juni). US rated by Chinese people as biggest stumbling block in China-Australia relations: survey. *Global Times*. Diunduh dari <https://www.globaltimes.cn/content/1192609.shtml>.
- China Power Team. (2024, 5 Maret). What Does China Really Spend on its Military?. *Center for Strategic and International Studies (CSIS)*. Diunduh dari <https://chinapower.csis.org/military-spending/>.
- Conley Tyler & Ivimey, S. (2015). Balancing Australia's National Interests. Australia's Trade, Investment and Security in the Asian Century. *National University of Singapore*. pp. 273-287. doi: 10.1142/9789814632874_0016.
- Creswell, J. W. (2003). *Research Design: Qualitative, Quantitative, and Mixed Method Approaches*. 2 nd Ed. Thousand Oaks: Sage Publications.
- Defence. (2018). *2017-18 Portfolio Budget Statement – Defence Portfolio*. Diunduh dari <https://www.defence.gov.au/about/accessing-information/budgets/budget-2017-18>.
- Defence. (2020). *2020 Defence Strategic Update*. Diunduh dari <https://www.defence.gov.au/about/strategic-planning/2020-defence-strategic-update>.
- Defence. (2023). *National Defence: Defence Strategic Review 2023*. Diunduh dari <https://www.defence.gov.au/about/reviews-inquiries/defence-strategic-review>.
- Department of Foreign Affairs and Trade (DFAT). (2017). *2017 Foreign Policy White Paper*. Diunduh dari <https://www.dfat.gov.au/sites/default/files/2017-foreign-policy-white-paper.pdf>.
- Department of Foreign Affairs and Trade (DFAT). (2019, 7 Juni). Trade and Investment at a Glance (Austrade) 2019. 5 Juni 2024, diunduh dari <https://www.dfat.gov.au/about-us/publications/trade-investment/trade-at-a-glance/trade-investment-at-a-glance-2019/Pages/default>.
- Graham, Euan. (2023). The end of the affair. Dalam Graham, Euan (1st Eds), *Australia's Security in China's Shadow* (pp. 13-26). London: The Adelphi Series.
- Grigg, A & Lisa M. (2016, 3 September). Malcolm Turnbull under increasing pressure to be firm with China. *Financial Review*. Diunduh dari <https://www.afr.com/policy/economy/malcolm-turnbull-under-increasing-pressure-to-be-firm-with-china-20160831-gr5rr7>.





- Himmer, Michal. (2023). Chinese debt trap diplomacy: reality or myth?. *Journal of the Indian Ocean Region*. 18(3), 250-272. doi: 10.1080/194808881.2023.2195280.
- Kabutaulaka, Tarcisius. (2021). Mapping the Blue Pacific in a Changing Regional Order. *Australia National University Press*. pp. 41-70. doi: 10.22459/CA.2021.01.
- Keen, Meg & Alan T. (2024, 31 Januari). Geopolitics in the Pacific Islands: Playing for advantage. *Lowy Institute*. Diunduh dari <https://www.lowyinstitute.org/publications/geopolitics-pacific-islands-playing-advantage#references>.
- Li, Carol. (2022). The Belt and Road Initiative in Oceania: Understanding the People's Republic of China's Strategic Interests and Engagement in the Pacific. *Center for Excellence in Disaster Management & Humanitarian Assistance*, 1-19.
- Liang, Xiao. (2022). What can we learn from China's military aid to the Pacific?. *SIPRI*. Diunduh dari <https://www.sipri.org/commentary/blog/2022/chinas-military-aid-pacific>.
- Lilford, Oliver. (2019). Australia's Pacific 'Step-Up': A Legitimate Engagement? *SDGIA Working Paper Series No. 13*. University of South Pacific, 1-29.
- Lowy Institute. (2017, 21 Juni). 2017 Lowy Institute Poll. 5 Juni 2024, diunduh dari <https://www.lowyinstitute.org/publications/2017-lowy-institute-poll#heading-4148.33>
- Lowy Institute. (2019, 25 Juni). 2019 Lowy Institute Institute Poll 2019. 5 Juni 2024, diunduh dari <https://www.lowyinstitute.org/publications/lowy-institute-poll-2019>.
- McLean, Wayne. (2016). Neoclassical realism and Australian foreign policy: understanding how security elites frame domestic discourses. *School of Social Science*. doi: 10.1080/14781158.2015.1112774.
- Moore, Liam. (2024). A dysfunctional family: Australia's relationship with the Pacific Island states and climate change. *Australian Journal of International Affairs*. pp. 1-20. <https://doi.org/10.1080/10357718.2024.2316098>.
- Morris, D. (2019, 5 September). Australia's Pacific "Step Up" Stumbles. *Asia Global Online*. Diunduh dari <https://www.asiaglobalonline.hku.hk/australias-pacific-step-up-stumbles>.
- Neuman, W. L. (2014). *Social Research Methods: Qualitative and Quantitative Approaches* (7th ed.). Essex: Pearson Education, Ltd.

Parliament of Australia. (2017, 28 Maret). Australian foreign policy in 2017: a year of delivery?.
1 Juli 2024, diunduh dari

83





https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2017/March/Australian-foreign-policy-2017.

Parliament of Australia. (2019). Export Finance and Insurance Corporation Amendment (Support for Infrastructure Financing) Bill 2019. 1 Juli 2024, diunduh dari https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/EficBill2019/Report/section?id=committees%2Freportsen%2F024274%2F27240#footnote7target.

Parliament of Australia. (2022). *Pacific islands – key issues*. Diunduh dari https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/BriefingBook47p/PacificKeyIssues#:~:text=Australia%20has%20responded%20to%20China's,new%20security%20and%20development%20initiatives.

Pryke, J. (2019, 4 April). Budget 2019: The Race to the Bottom for Foreign Aid. *The Interpreter*. Diunduh dari www.lowyinstitute.org/the-interpreter/budget-2019-aid-downward-trend.

Rose, Gideon. (1998). Neoclassical realism and theories of foreign policy. *World Politics*. 51(1), 144-172.

Searight, A. (2020, 8 Mei). Countering China's Influence Operations: Lessons from Australia. *Center for Strategic and International Studies (CSIS)*. Diunduh dari <https://www.csis.org/analysis/countering-chinas-influence-operations-lessons-australia>.

SIPRI. (2017). Military Expenditure Database. 5 Juni 2024, diunduh dari <https://www.sipri.org/databases/milex>.

Stake, R. E. (1995). *The art of case study research*. California: SAGE Publications, Inc.

Turnbull, Malcolm. (2017). *Keynote address at the 16th IISS Asia Security Summit, Shangri-La Dialogue*. Diunduh dari <https://www.malcolmturnbull.com.au/media/keynote-address-at-the-16th-iiss-asia-security-summit-shangri-la-dialogue>.

Varrall, Merriden. (2021). Australia's Response to China in the Pacific: From Alert to Alarmed. *Australia National University Press*. pp. 107-141. doi: 10.22459/CA.2021.03.

Wallis, J & M. Wesley. (2016). Unipolar Anxieties: Australia's Melanesia Policy after the Age of Intervention. *Asia & the Pacific Policy Studies*. 3(1), 26-37. doi: 10.1002/app5.114.

Wallis, Joanne. (2020). *Strengthening Australia relationships with countries in the Pacific region*. *Australian*. Diunduh dari <https://www.aph.gov.au/DocumentStore.ashx?id=3e5c73e9-4a12-462d-b809-3fa047fa8ec1&subId=679921>.





Wallis, Joanne. (2021, 3 November). Stepping-up With Australia's "Pacific Family". *Australian Institute of International Affairs*. Diunduh dari <https://www.internationalaffairs.org.au/australianoutlook/stepping-up-with-australias-pacific-family/>.

White House. (2017). *National Security Strategy of the United States of America*. Diunduh dari <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

Wu, Yi. (2024, 30 Mei). China-Australia Relations: Opportunities, Challenges, and Latest Updates. *China Briefing*. Diunduh dari <https://www.china-briefing.com/news/china-australia-bilateral-ties-opportunities-challenges-latest-updates/>.

Zhou, H & Eugenio C. (2018, 9 Februari). The Chinese banking system: Much more than a domestic giant. *VoxEu*. Diunduh dari <https://cepr.org/voxeu/columns/chinese-banking-system-much-more-domestic-giant>.

