



AUSTRALIA'S ROLE IN THE PACIFIC DURING THE AGE OF TRUMP

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SYNOPSIS

The rise of China and the election of US President Trump have complicated the geopolitical dynamics of the Indo-Pacific. The inter-regional power politics has left Australia in a limbo as the country is not willing to fully accept Trump's global view, yet still remains hesitant and vigilant in regards to China's interest throughout the Indo-Pacific. Australia should work with other regional middle powers – namely Japan and South Korea – to maintain the liberal economic and political institutions, while engaging with the US militaristically in the region in order to create a uniform and comprehensive strategy to limit the expansion of Chinese influence.

THE SIGNIFICANCE OF THE US IN THE INDO-PACIFIC

The US has been a mainstay in broader Asian political dynamics dating back to the late-19th century. Since then, the US has fought several wars in Asia - World War II, Korea, Vietnam and smaller scale military interventions. The US has maintained a significant military presence in the region with 60,000 troops deployed to Japan, South Korea and Guam. The forward deployment of US military personnel and capabilities in Asia following these conflicts is one way that the US hopes to prevent future large-scale wars in East Asia. In addition to acting as an offshore balancer and attempting to maintain peace in the region, the US has also used their naval capabilities to support Indo-Pacific economic norms

and institutions. According to the [US Department of Defense](#), the three maritime objectives in the Indo-Pacific region are: to safeguard the freedom of the seas, deter conflict and coercion, and promote adherence to the rules-based global order. The pairing of these maritime objectives with the broader US military presence in the region has been a constant contributor to the region's economic and political order dating to the American annexation of the Philippines in the early 20th century.

Despite bipartisan support in the US for its longstanding presence within Indo-Pacific politics, President Donald Trump has broken away from these norms and jolted the region's political order. The President's suggestion that the US may not back Japan and South Korea in the wake of an attack by North Korea, and his openness to these allies obtaining their own nuclear weapons, created a sense of uncertainty amongst the Japanese and Korean political establishments. Likewise, Trump's coziness to China after criticizing them along the campaign trail has left many in the region confused and uncertain of the US President's political platform and his understanding of international politics. This uncertainty has been punctuated by the President's withdrawal from the Trans-Pacific Partnership and the Paris Climate Accords. Trump's removal of the US from regional and global political institutions has left middle powers in the region – such as Australia, Japan and South Korea – looking for leadership and assurance due to their historic reliance on the US as a pacifying force within the region.

CHINA'S EXPANSION OF POWER IN THE INDO-PACIFIC

China's ascension to global prominence over the last several decades has resulted in the country becoming a significant military, political and economic player within the Indo-Pacific region. Beijing hopes to extend and enhance its standing in the region through the implementation of its [One Belt One Road \(OBOR\) initiative](#). OBOR is an initiative aimed at further interconnecting the Indo-Pacific through both maritime and land based trade. This initiative has resulted in significant Chinese investment into infrastructure development projects in Sri Lanka, Pakistan and East Africa. The perceived underlying goal of this initiative is to buy the loyalty of developing countries within the region while simultaneously stimulating the Chinese economy as its growth rate begins to plateau. Regardless of the Chinese motivation for OBOR, the countries that are receiving these investments are hoping that larger ports and improved transportation systems will catalyse their own economic growth and development.

As China extends its economic and political influence westward, countries are becoming wary of Beijing's investment practices. One such example of this influence is the hawkish terms of investment and development that China imposed upon Sri Lanka. China has invested US\$8bn in Sri Lanka, all of

which must be paid back to China. Of this total amount, US\$2bn was invested in a new international airport in the country's capital, Hambantota, which averages only [three outbound flights a day](#). Likewise, China is constructing a rail system through Laos that will cost US to operate annually. This rail system has the potential to handcuff Lao's economic planning as the country's annual GDP is US\$12bn a year, and according to a Chinese study, the rail system isn't expected to generate a profit for at least 11 years. This will force the country to devote a significant portion of its GDP on paying back its loan to the Chinese government, and limit what else Laos could devote its monetary resources to. Countries such as Sri Lanka and Laos, which have received Chinese investment and fail to experience the necessary short-term economic growth to fund other government projects are facing a potentially crippling debt trap. Countries such as Sri Lanka and Laos could prioritize their governmental operations by defaulting on their loans as their debt payments limit their budgetary options, just as Latin American countries defaulted on their loans during the debt crisis of the 1990s. However, if Chinese investments operating in the broader 'Silk Road' community fail to generate enough revenue for Indo-Pacific countries to repay Chinese lending institutions, then the influx of Chinese investment could become a catalyst for a regional debt crisis, not economic growth. The growing awareness of the hawkish nature of Chinese loans and investment projects in developing Indo-Pacific countries has sparked a sense of skepticism amongst the recipients of Chinese investment, as well as economically stable countries like Australia, Japan and South Korea. These countries are concerned by the long-term implications of agreeing to the terms and conditions of these loans, as well as the ambitions of Beijing throughout the region.

MIDDLE POWERS FILLING THE POLITICAL VACUUM

As the US withdraws from Indo-Pacific politics and developing countries begin to grow wary of China, regional middle powers have the potential to fill the power vacuum left behind by the two regional superpowers. These countries, namely South Korea, Japan and Australia have the necessary political relations, military capabilities and economic interconnectivity throughout the Indo-Pacific to forge a series of norms and practices that reflect the ideology of the region collectively. South Korea, Japan and Australia share two identifiable principles with the rest of the Indo-Pacific community. These principles represent sustained economic production and freedom of navigation and trade through sea lines of communication. The first principle of sustained economic production is a function of the global economic weight concentrated in the middle powers within the Indo-Pacific region. Japan is the [world's third largest economy](#), Korea is the world's eleventh largest and Australia is thirteenth. Over half of these countries' trade, as well as that of developing economies such as Vietnam and Indonesia, resides within the broader Indo-Pacific community. Therefore, the maintenance of the unimpeded flow of trade, especially oil, through disputed Indo-Pacific water such as the South China

Sea, is essential for countries' economic wellbeing throughout the region. The mutual alignment of economic and political policy agendas amongst ASEAN states, as well as Australia, South Korea, and Japan presents an opportunity for these actors to work with one another to preserve the liberal politico-economic order that has been the engine of the region's growth over the past several decades.

The three regional middle powers of Japan, South Korea and Australia have an interest in the safe freedom of passage through sea lines of communication. This area of mutual and regional interest is primarily playing out in the Malacca Strait and greater South China Sea region. The Chinese construction of artificial islands in this region has been seen by other countries as an attempt to have the potential to exert their will on less powerful maritime countries that receive trade, namely oil, from outside of the region. China's construction and militarisation of these islands has resulted in the US carrying out freedom of navigation operations (FONOPs) throughout the South China Sea. If the US was to cease FONOPs in the region, regional middle powers do not have the independent or combined military capabilities to conduct FONOPs throughout contested waters of the South China Sea. Therefore Australia, Japan and South Korea must convince the US to stay militaristically involved in the Indo-Pacific via FONOP operations in contested waters and continuing to engage in training exercises with regional partners, even if the US is absent from the region diplomatically. Maintaining a balancing US military presence in the region underscores the US's goal of global hegemony and influence in the Indo-Pacific while simultaneously pawning off the complex diplomatic navigating to Japan, Australia, and South Korea; who are more willing to engage in such talks compared to the Trump administration.

It may seem counteractive to encourage US militaristic capabilities in the region, especially as President Trump continues to make 140 character incendiary statements regarding North Korea, while simultaneously trying to maintain a liberal politico-economic order. However, at a bare minimum, the co-existence of a US military presence slows down the expansion of relative Chinese military strength in the Indo-Pacific. This presence has established a definitive liberal politico-economic order, which rivals Chinese soft power in the region and accomplishes the regional goals of the US, Australia, Japan, and South Korea. Wading through the murkiness of the South China Sea territorial claims could jeopardize a country's political relations with China. Therefore, regional middle powers must cement US presence and interest in the region. An active US in the Indo-Pacific region counter-balances any potentially aggressive Chinese actions and ultimately maintains global economic stability.

POLICY IMPLICATIONS

This period of Indo-Pacific political uncertainty enables Australia to be at the forefront of maintaining the region's liberal order. While Australia must work with other regional actors – namely South Korea and Japan – to successfully establish stability in the wake of the current leadership vacuum, the ideological overlap that these three middle powers share allows Australia to project its political ideology throughout the region. This ideology consists of liberal democratic values, free trade and multilateralism in order to achieve collective wellbeing and development. These aspirations are likely to be scrutinised by China and potentially the US, depending on how the Trump administration's ever-developing and quickly-changing foreign policy evolves in the coming years. However, the collective Indo-Pacific community still values a liberal politico-economic order. Australia, along with other regional middle powers such as Japan and South Korea, has the potential to establish such an order throughout this period of absent hegemonic leadership and constant political turbulence.