

Chapter 3

Friendly Unease: January 2003–December 2006

The Howard Government entered 2003 having presided over one of the most successful periods in the history of Australia-China relations. The period 1997–2002 observed a blooming trade relationship and the successful navigation of intermittent diplomatic disputes. The Howard Government depicted China as an economic partner and strategic interlocutor. Into this positive atmosphere the Department of Foreign Affairs and Trade (DFAT)'s second White Paper *Advancing the National Interest* was launched on 12 February 2003. It proved to be an extremely significant document, for coining one of the most debated phrases in Australia's recent diplomatic history, 'strategic economic partnership', and indicating a new period in Australia-China relations.¹ In contrast to the period 1997–2002, the 2003–2006 period saw the Howard Government depict China as both an economic partner and a strategic partner. However, the controversy surrounding this new strategic partnership forced the government to retreat from publicly acknowledging the strategic relationship. Consequently, the Australia-China relationship during the period can be described as one of 'friendly unease'—'friendly' because of ongoing positive depictions, and 'unease' because of US reactions to Australia's warm depictions of China. This chapter will map these developments, recounting the announcement of the 'strategic relationship' between the two countries and the corresponding strategic shockwave that ensued in Australian foreign policy.²

When the Howard Government released the 2003 DFAT White Paper, it heralded the dawn of a new age in Australia-China relations. *Advancing the National Interest* stated: 'The government will pay particular attention to securing the long-term vitality of our successful partnership with Japan and to building a *strategic economic partnership* with China.'³

The phrase 'strategic economic partnership' is a perplexing and intriguing one. At first glance the most striking feature of the term is its ambiguity, possibly a deliberate design feature. How does one define the phrase? Does it mean an economic partnership that is of strategic value, or does it infer something more substantial? Could the Howard Government be depicting an economic relationship which is defined primarily by its strategic interests rather than its economic interests?⁴ The White Paper went on to say that Australia 'is building a strategic economic relationship with China similar to those Australia has established with Japan and Korea'.⁵ This introduces new possibilities for interpretation. Japan

and South Korea represent quantifiably substantial relationships with Australia in the strategic realm, particularly Japan. Both countries are important spokes in the US regional 'hub and spokes' bilateral relationship system, and Japan is a key security partner of Australia.⁶ Does this mean that Australia's designs for its relationship with China include security cooperation and strategic alignment akin to what it has with Japan and South Korea? Consequently, *Advancing the National Interest* depicted the importance of China in the region, arguably to a position more central in Australia's strategic considerations than Japan. The document stated that 'although much less powerful than Japan on many measures, China's growing economic, political and strategic weight is the single most important trend in the region'.⁷ Hence it appeared that the locus of Australia's foreign policy attention in Asia was China, despite Japan's established trade and security ties with Australia.

Advancing the National Interest noted that conflict between the United States and China was possible, stating 'Taiwan will continue to be a potential source of serious tension between the United States and China. The possibility of miscalculation leading to conflict is real, although small'.⁸ This was a subtle but significant evolution in the Howard Government's depictions of threats in the Asia-Pacific region. It still noted that the region had security threats, but viewed it as relatively stable. This is to be contrasted with one of the Howard Government's threat depictions of 1996, which identified three areas of concern: Taiwan, the Korean Peninsula and the South China Sea.⁹ Indeed, one of the significant developments during the Howard years was the freeze of disputes in the South China Sea, a number of which were based on Chinese claims in the area. In addition, the constructive role of China in the Six-Party Talks appears to have had a significant influence on the Howard Government's perception of China, and its corresponding strategic depiction.¹⁰ However, not all of the Howard Government's departments possessed such a uniformly positive depiction of the relationship. In mild contrast, *Defence Update 2003* predicted continuing strategic competition between the United States and China, especially concerning Taiwan; 'strategic competition between the United States and China will continue over the next decade, and the possibility of miscalculation over Taiwan persists'.¹¹ It went on to state:

China, as the country with the fastest growing security influence in the region, is an increasingly important strategic interlocutor for Australia. The Government places a high priority on working with China to deepen and develop our dialogue on strategic issues.¹²

The phrase 'strategic interlocutor', first employed in the Defence White Paper 2000, reinforced the Howard Government's depiction of China as a recognised and significant strategic player in the region. And on 13 August 2004, John

Howard used 'strategic economic relationship' for the first time in a public speech.¹³

Having consolidated the use of 'strategic economic relationship' in public debate, Howard and Alexander Downer began to increasingly depict Australia as a mediator between the United States and China:

Our aim is to see calm and constructive dialogue between the United States and China. The government recognises that, as a nation which has different but nonetheless close relationships with both countries, Australia is well placed to promote that constructive dialogue.¹⁴

On the same day as Howard, Downer made a significant speech to the Australia–China Free Trade Agreement Conference, emphasising the importance of China in the region. Downer said China had 'cemented its role as a constructive actor and a valued contributor to the region's core security and stability'.¹⁵ On a new tangent, Downer praised China as a 'good friend' who was playing a positive role in Iraq:

China has played a crucial role in helping advance the international response to Iraq over the past few months, ensuring that Security Council Resolution 1546 was unanimously adopted and clearly signalling its support for the new Iraqi government and an active role for the international community.¹⁶

These statements represent important evolutions in Australia's strategic depiction of China. Australian foreign policy was beginning to recognise the broader role of China in the United Nations and global security. Downer went on to say:

We see considerable opportunity for further cooperation with China as we continue to build and strengthen regional security with China's ongoing role as a positive force in the region as crucial to our interests as it is to China's. It is therefore fitting that we have developed annual bilateral dialogues on regional security and defence issues.¹⁷

In addition to deepening defence and security ties, new economic initiatives were being developed too. Concerning the negotiation of a Free Trade Agreement Downer said:

The Government recognises that the current strengths of the relationship make this an opportune time to look at a possible FTA [Free Trade Agreement] with China and that an FTA would lend important strategic support to our efforts to build and strengthen the broader bilateral relationship in the future.¹⁸

This was again a tantalising depiction of China by Australia. Was the relationship purely economic? Clearly the notion of a Free Trade Agreement providing 'important strategic support' to the crafting of a 'broader bilateral relationship' is provocative. But was this a depiction of a genuine strategic relationship? Downer went on to say:

I hope that my remarks will also assist the conference in their consideration of the significant role China plays, not just in terms of trade and economic interests, but issues that relate to the security and prosperity of our region.¹⁹

Again, Downer refrained from making a full blown 'strategic relationship' reference, but the mood of the text is enticing. By themselves the statements are ground-breaking in their acceptance and support for China's greater role in regional and global strategy and security. The government had affirmed China as a 'good friend' who was a 'positive force' in the Asia-Pacific region, playing the role of a 'strategic interlocutor' in regional and global affairs such as Iraq.²⁰

Having noted these remarkably warm strategic depictions of China by Howard and Downer on 13 August 2004, it is compelling to introduce Downer's statements made in Beijing only four days later. On 17 August 2004, while visiting China, Downer made one of the most talked about statements in recent times regarding Australia-China relations. Downer said in Beijing:

With Premier Wen we agreed that Australia and China would build up a bilateral *strategic relationship*, that we would strengthen our economic relationship and we would work together closely on Asia Pacific issues, be they economic or security issues.²¹

This was a ground-breaking statement. Previously in the Howard Government's strategic depiction of China there had been a steady evolution in the relationship, from an economic relationship, to an economic relationship with strategic significance, to a 'strategic economic relationship'.²² And now the transition appeared complete, Australia and China had established an explicit 'strategic relationship'.²³ However, this was not the only change. In response to a carefully constructed question by the media regarding Taiwan, Downer went on to say:

Well, the ANZUS Treaty is a treaty which of course is symbolic of the Australian alliance relationship with the United States, but the ANZUS Treaty is invoked in the event of one of our two countries, Australia or the United States, being attacked. So other military activity elsewhere in the world, be it in Iraq or anywhere else for that matter does not automatically invoke the ANZUS Treaty.²⁴

This was a fundamental reinterpretation of the ANZUS alliance, reassessing its core commitment of consultation in the case of alliance forces being attacked. The ANZUS alliance had been reduced to a largely symbolic alliance, invoked in the instance of attacks upon the American or Australian homeland as in the case of the 11 September 2001 terrorist attacks on the United States. This was obviously a significant reduction of the alliance commitment, away from the more comprehensive and orthodox ANZUS forces interpretation. But Downer had not finished. He went on to say:

Diplomatic relations between countries evolve, you know, rather than change by gigantic steps—and what we are seeing through what Premier Wen said to me about building a strategic relationship between Australia and China is a significant development, in that I think China has seen Australia in years gone by as an important economic partner and a less important political and strategic partner, and I think now there is a recognition by the Chinese leadership of the significant role that Australia plays in the region.²⁵

If the point had not been made before, now it was glaringly obvious. Far from being a slip of the tongue, for the second time Downer had confirmed that Australia and China did indeed have a strategic relationship. Downer went on to say: 'I think we are seeing the evolution of a much stronger and much fuller relationship which encompasses many challenges of the Asia-Pacific region of the political and security nature, not just of an economic nature.'²⁶ Having ascended to the heights of reinterpreting the ANZUS alliance, Downer had plainly described a 'strategic relationship' between Australia and China for the first time in history.²⁷ The statements came hand in hand: a reduction of ANZUS to a highly symbolic status, coupled with a fundamental reorientation of Australia's strategic posture towards China. What occurred over the next few days was a curious flurry of back-peddling as Howard and Downer tried to recant the statement. The Australian domestic and American response was noisy and raucous as the strategic shockwave spread.²⁸ A few days later Howard responded that 'nobody can doubt that Australia is a loyal ally of the United States', and reverted to the orthodox interpretation of ANZUS as being invoked in an attack on ANZUS forces.²⁹

By March 2005 it appeared that Howard was still attempting to heal the US-Australia relationship. He reinforced the closeness of US-Australia ties, but this was juggled with maintenance of the Australia-China relationship. Howard highlighted the differences and similarities between Australia and China. He said:

Now everybody knows that Australia has no closer ally than the United States, now that is a given of our foreign policy, it's a given of so many aspects of Australian life, everybody knows also that we have developed

a good relationship with China, we are different countries. China is not a democracy, Australia is, there are a lot of things in China that we don't agree with, equally however, we have very strong people to people links and we will work very hard to further expand that relationship. So it's in our interests to work at preventing anything from occurring and I am not going to start hypothesising about how we would react if those efforts were to fail, there is nothing to be achieved by that.³⁰

Apparently the normative response of the period 1997–2002 was back in vogue; that Australia had close but different relations with the United States and China, and the government was not going to hypothesise about its response to a Taiwan contingency. However, a landmark speech by Howard to the Sydney-based Lowy Institute for International Policy in March 2005 again signalled Australia's new depiction of China in the region. It appeared that the integration of China into Australia's strategic posture was back on the agenda. Regarding US-China relations Howard said: 'It would be a mistake to embrace an overly pessimistic view of this relationship, pointing to unavoidable conflict. Australia does not believe that there is anything inevitable about escalating strategic competition between China and the US.'³¹

Howard's Lowy Institute address reveals that Australian and US perspectives on China were becoming divergent. At the 2005 IISS Shangri-La Dialogue in Singapore, the contrasting regional defence interests of Australia and the United States were again clearly displayed. While US Secretary of Defense Donald Rumsfeld spoke of China's growing missile capabilities, Australian Defence Minister Robert Hill's address remained focused on countering terrorism.³² Although Rumsfeld briefly mentioned terrorism, Hill did not mention China once. Hill's exclusion of China and missile defence was an important shift away from the Defence 2000 White Paper, which had discussed both.³³

When George W. Bush and John Howard stood side by side conducting a joint press conference on the White House lawn on 19 July 2005 these differences were again plain to see. While Bush's strategic depiction of China was characterised by an emphasis upon the sensitivities in the US-China relationship, Howard took a friendlier tone, emphasising the challenges and successes of Australia-China relations. Bush began by noting 'one such difficulty is their currency, and we've worked with China to convince them it makes sense for the Chinese, to change how they value their currency'.³⁴ He then observed that 'a second difficulty is on intellectual property rights. It's very important for emerging economies to understand that they—in order to be a fair trading partner, that you've got to honor somebody else's intellectual property'.³⁵ Bush then asserted 'we've got areas of issues when it comes to values. For example, I happen to believe religious freedom is very important'.³⁶ He concluded by remarking that 'our relationship is very important and very vibrant. It's a good

relationship, but it's a complex relationship'.³⁷ In contrast, Howard's remarks were far more conciliatory, focusing on the positives in the relationship. First of all Howard began by reinforcing the Australia-US relationship. He said:

We have different relationships with the United States and China. I mean, of course, our relationship with the United States is closer and deeper than it is with China, because it's a relationship that is based upon shared values and a lot of shared history. The Chinese understand that. I think one of the bases—the basis of our relationship successfully with China over the last eight or nine years—is that I have never disguised that fact in my discussion with the Chinese, and I've encouraged them to accept that our close defence alliance with the United States is not in any way directed against China.³⁸

The question is, was this a message to the Chinese or the Americans? Howard went on to say:

But we have a good relationship with China. It's not just based on economic opportunity. There are a lot of people-to-people ties between Australia and China, and they're growing all the time. We are going to differ with China on human rights issues. You've seen recently, in the debate over Mr. Chen, you've seen an expression of views from China. But equally, I think the relationship between our two countries is mature enough to ride through temporary arguments such as that. I think China sees a growing place for herself in the world, but I think there's a great level of pragmatism in the Chinese leadership. Now, the economic relationship between Australia and China is different from the economic relationship between the United States and China. And I understand that and the President and I talked about that today.³⁹

Howard was quick to emphasise the enduring stability of the Australia-China relationship. Despite the recent Chen debacle, an embarrassing incident that could have gone awry, the two governments were proving to be adroit at navigating around these kinds of issues.⁴⁰ And again, the Howard Government appeared to be alluding to much more when it said that it had a different economic relationship with China compared to the US-China trade relationship.

In 2003 the Howard Government had announced the cultivation of a 'strategic economic relationship' between Australia and China, but no comparative phrase had been utilised to describe Australia-US trade relations.⁴¹ Hence the subtleties of diplomatic speech were again apparent—the Howard Government was arguably attempting to convey that its relationship with China constituted more than mere economic interest, without making a 'strategic relationship' statement that would arouse US disapproval. Having discussed the limitation of ANZUS ('our close defence alliance with the United States is not in any way directed

against China'), it seemed that Howard was now reiterating that Australia's economic relationship with China could not be defined solely as the pursuit of economic interest.⁴² Howard then progressed to say:

But I have a more optimistic view about the relationship between China and the United States, and I know the leadership of both countries understand the importance of commonsense in relation to Taiwan, recognition that there are differences of philosophy between the two societies.⁴³

As often announced in the past, Howard desired to see a peaceful and stable US-China relationship in regards to Taiwan, and maintained a positive view of that relationship. Howard continued to reinforce this positive view, saying:

But let us not look at this issue from an Australian vantage point of believing that there's some inevitable dust-up going to occur. I don't believe that, and I share a great deal of optimism that this is going to be prevented. From Australia's point of view, well, we don't presume any kind of intermediary role. That would be absurd.⁴⁴

Arguably the most interesting development in the direction of Australian foreign policy revealed by this Bush/Howard joint press release was Australia's decline from playing an intermediary role in the US-China relationship (the fact that it is unlikely the United States and China ever viewed Australia as an intermediary is inconsequential). In previous statements the Howard Government appeared to be grooming itself as a self-styled mediator between the two countries.⁴⁵ Clearly this mediating role was now out of the question.

In summary, a number of points stand out from this meeting. First, the US-Australia relationship was allegedly rock solid. Second, Australia had good relations with both the United States and China. Third, these relations were positive yet different at the same time. Fourth, Australia had an optimistic view of the region's future. Fifth, Australia was not an intermediary between the United States and China. And sixth, ANZUS was not directed against China. These policy statements had all been reiterated and reinforced after Downer's August 2004 Beijing statement. It appears that the Howard Government was temporarily stunned from the Beijing affair and resorted to reaffirming policy previously employed during 1997–2002. Australia's rejection of mediating between the United States and China seems to have been an instinctive response to the controversy caused by Downer's statement. Despite these difficult developments in the Australia–US–China triangle, the Howard Government remained optimistic.

In August 2005 Downer delivered a landmark address, the Tange lecture, again indicating a warming of Australia's view towards China's growing strategic influence in the region. Downer said: 'The argument that Australia needs to

choose definitively between its alliance with the United States and its links with China also misjudges the nature of Australia's relationship with each of these countries.⁴⁶ Although Downer said Australia approached China with a 'spirit of ambition without illusions', the persistently positive strategic depiction of China remained.⁴⁷ He said: 'We see a confident, peaceful and prosperous China, with an open market economy and constructively engaged in global and regional institutions, as an enormous asset for the Asia-Pacific region and the wider world.'⁴⁸

Even though Downer's statement can be qualified as an ideal characterisation of China in the future, other Australian Government publications such as the 2005 *Defence Update* reiterated this positive theme. China's 'peaceful development' had become the accepted policy line on China's rise. It stated that 'China's interests lie in a secure, stable flow of resources to support its economic modernisation, and the development of markets for its goods and services'.⁴⁹ Likewise, in September 2005, Howard said 'to see China's rise in zero sum terms is overly pessimistic, intellectually misguided and potentially dangerous'.⁵⁰

The preceding statements are significant for exemplifying what Michael Wesley has described as the Howard Government's 'hope based formula' of dual engagement with the United States and China.⁵¹ The Howard Government believed it could have friendly relations with the United States and China, and separate itself from US-China tensions at the same time. Building upon Downer's Tange lecture, the then Australian Ambassador to the United States, Dennis Richardson, in January 2006 described China's rise as a positive process. He stated that 'the question for Australia is not whether China's growth is innately good or bad. Australia made up its mind long ago that it was a good thing'.⁵² Richardson also acknowledged that China's military modernisation was advancing at rapid pace, but he believed these developments were not necessarily aggressive. He argued:

The question, rather, is to what extent China's rise will change the system in which it rises. Can it play by the rules or will it change the rules? We in Australia want China to play by the rules, just as Australia, Japan or others do, and we have every reason to believe that it will do so.⁵³

What were Richardson's reasons for believing China would behave responsibly within the Asia-Pacific system? The AusAID White Paper of 2006 offers a number of clues. It discussed the emergence of India and China's 'strategic footprint' in the Asia-Pacific region, with particular reference to aid programs.⁵⁴ *Promoting Growth and Stability* announced: 'China continues to look outwards and, apart from its growing political and economic influence, is emerging as a significant donor to the region (it is among the largest bilateral donors to the Pacific).'⁵⁵

Thus, the impact of Chinese aid in the region was apparently reaping significant rewards in reforming China's regional image. AusAID recognised China as a 'significant power' that was 'asserting her legitimate interest', and also alluded to China increasingly performing a lead role in the region's aid programs, stating 'Australia will also seek opportunities for cooperation with China in the Pacific, as China's regional aid presence is now significant and growing'.⁵⁶ These statements indicated increasing recognition within the organisations of the Howard Government of China's strategic weight in the Asia-Pacific region. But would China use its new-found power to integrate with the Asia-Pacific system or alter it? At the same time, it can be argued that AusAID probably held significant reservations about China's effect on stability in the region.⁵⁷ Concerning China's present behaviour, Howard said:

China has an interest in stable acceptance, not only in the region but in the world because that's crucial to her economic growth. I mean China's preoccupation at the moment is economic growth and expansion and also dealing with the rather growing divide between the coastal affluent and the not so affluent people who live in the rural areas of the country. So there are domestic issues that will keep China's focus very much on economic, rather than military matters.⁵⁸

Consequently, in Howard's mind, China's strategic challenge *for the moment* had been decisively negated by its dependency upon stable economic conditions for continuing economic growth. Confirming what Ambassador Richardson had noted six months earlier, Australia had reason to trust China's rise. Howard's statement appeared to signal a clear end to an internal policy debate concerning Australia's depiction of China's rise. As far back as 1996 the Howard Government had recognised that China's economic rise was a source of potential strategic instability in the Asia-Pacific region.⁵⁹ China's growing economy was enabling it to develop its military capabilities at rapid pace. A decade later, Howard for the first time publicly articulated his rationale for confidence in China's peaceful development and his 'hope based formula'.⁶⁰ China was chained by its own appetite to acting responsibly in the regional and global polity. The rising power, although developing its military capabilities at a notable rate, would be restrained from flexing its military muscle due to economic interests.

Yet the tide of pro-China rhetoric was not unequivocal. Although Howard continued to praise China's regional role, other policy initiatives were subtly coming into sight. In September 2005 Howard said 'no relationship of substance in Asia has been more important over the years for Australia than our relationship with Japan'.⁶¹ This was a new development. Although Japan had always warranted mention in the Howard Government's discussions regarding Asia, this statement appeared to represent a new strand of policy coming to the fore. Previously in 1997 the Howard Government had commented that 'Japan's

strategic interests converge quite strongly with Australia's'.⁶² Also adopting a view similar to those expressed in 1997, the 2005 *Defence Update* assumed a more cautionary tone towards China. Sounding similar to the 1997 Strategic Review, the Defence report stated that 'the pace and scale of China's defence modernisation may create the potential for misunderstandings, particularly with the development of new military strike capabilities that extend the strike capability and sustainability of its forces'.⁶³ This statement is reminiscent of the 1997 Strategic Review, again acknowledging China's growing power projection capabilities. Was this the resurfacing and depiction of threat perceptions from 1997?

To summarise, by 2006 Australia had conducted a radical evolution in its relationship with China. In April 2006, while meeting with Chinese Premier Wen Jiabao in Canberra, Prime Minister John Howard acknowledged that:

Of all the relationships that Australia has, major relationships it [*sic*] has with other countries, none has been more completely transformed than the relationship with China over the last ten years. Now I don't seek to invoke language such as special relationships and so forth, but I simply make the point that the transformation of the relationship with China has been remarkable.⁶⁴

Evidently a remarkable transition in the mood of Australia-China relations had occurred from 1996–2006. This was not limited to strategic depictions. Howard's personal diplomacy had advanced from the low point of his office—a crisis meeting with Jiang Zemin in Manila in 1996—to the intimate honour of 'jogging diplomacy' with Chinese Premier Wen Jiabao on the banks of Lake Burley Griffin, Canberra, in April 2006. As the Chinese embassy noted, Premier Wen 'was the first foreign leader he [Howard] walked with in the early morning and that it was a major breakthrough in Australia–China relations'.⁶⁵

Although the United States remained central to Australian strategic considerations at the same time, Howard was at pains to point out that in Australia 'we do come at China from a slightly different perspective and I think in that way we can, I guess, be of assistance with the views we offer on China'.⁶⁶

Consequently, the period 2003–2006 is one of the most interesting and perplexing of the Howard Government's time in office. A clear sense of 'friendly unease' can be ascertained from the mood of the Howard Government's rhetoric concerning China. The government signalled the arrival of the new period with the 2003 DFAT White Paper's declaration of a 'strategic economic partnership'.⁶⁷ This ambiguous phrase possibly highlighted a new era of strategic transition occurring within Australian foreign policy. While Australia's economic interests remained central, continued exchanges between the militaries of Australia and China set Australia's engagement with China apart from other US friends in the

region.⁶⁸ Within this context, Downer's 2004 'strategic relationship' statement in Beijing sent a strategic shockwave throughout the Australian and American community. The remaining years observed Australia struggling to harmonise its ANZUS commitment with its growing engagement with China. When Howard and Bush stood side by side on the White House lawn in July 2005, it was apparent to Australia and the world that Australia's depiction of China had diverged considerably from that of the United States. Despite Australia's interests in a stable US-China relationship and Asia-Pacific region, it had growing reservations about being embroiled in disputes between the two countries. However, the Howard Government's depictions remained positive regarding the future, arguing that China's economic interests would restrain China from exercising its growing military capabilities. By the end of 2006, the Australia-China relationship stood in a position of strategic uncertainty. The two countries had drawn closer together than ever before, especially in the trade domain.⁶⁹ But the costs in regards to relations with the United States were beginning to become apparent. Australia's deepening relationship with China has not gone unnoticed in Washington. The September 2005 US-China Economic and Security Review Commission's report commented, 'regrettably, the Downer statement is not an isolated case' (in reference to Downer in Beijing 2004), and further noted that 'to these rhetorical shifts can be added shifts in the Australian position on key issues of concern to Washington'.⁷⁰ How the Howard Government would respond to growing US reservations remained unseen.

ENDNOTES

¹ Department of Foreign Affairs and Trade, *Advancing the National Interest*, Australia's Foreign and Trade Policy White Paper, Canberra, 2003, p. xv.

² Alexander Downer, 'Media Conference: 17 August 2004', Beijing, available at <http://www.foreignminister.gov.au/transcripts/2004/040817_ds_beijing.html>, accessed 2 April 2007.

³ Department of Foreign Affairs and Trade, *Advancing the National Interest*, p. xv. [emphasis added].

⁴ Discussing and defining 'strategic economic relationship' can inspire lively debate, and remains wrought with difficulty. One commentator's valued response to this investigation stated: 'The author seems to avoid the most literal interpretation—that Australia's economic relationship with China seemed destined to be of such consequence as to warrant the label "strategic" but that the DFAT Paper sought to distinguish (rather than blend) this prospect from Australia's strategic security orientation.'

⁵ Department of Foreign Affairs and Trade, *Advancing the National Interest*, p. 79.

⁶ Kent E. Calder, 'Securing security through prosperity: the San Francisco System in comparative perspective', *The Pacific Review*, vol. 17, no. 1, March 2004, p. 139.

⁷ Department of Foreign Affairs and Trade, *Advancing the National Interest*, p. 22.

⁸ Department of Foreign Affairs and Trade, *Advancing the National Interest*, p. 22.

⁹ Alexander Downer, 'Regional Cooperation and Security', address to the Australian College of Defence and Strategic Studies, Canberra, 6 December 1996, available at <http://www.dfat.gov.au/media/speeches/foreign/1996/regional_coop_security.html>, accessed 2 April 2007.

¹⁰ Alexander Downer, 'Australia and China's Shared Interests—Security and Strategic Dimensions', Speech to the Australia-China Free Trade Agreement Conference, Sydney, 13 August 2004, available at <http://www.foreignminister.gov.au/speeches/2004/040813_au_china_fta.html>, accessed 2 April 2007.

- ¹¹ Department of Defence, *Australia's National Security: A Defence Update 2003*, Commonwealth of Australia, Canberra, p. 8.
- ¹² Department of Defence, *Australia's National Security: A Defence Update 2003*, p. 8.
- ¹³ John Howard, 'Address to the Asialink—ANU National Forum: Australia's Engagement with Asia: A New Paradigm', Canberra, 13 August 2004, available at <<http://www.pm.gov.au/media/speech/2004/speech1069.cfm>>, accessed 5 March 2007.
- ¹⁴ Howard, 'Australia's Engagement with Asia: A New Paradigm'.
- ¹⁵ Downer, 'Australia and China's Shared Interests—Security and Strategic Dimensions'.
- ¹⁶ Downer, 'Australia and China's Shared Interests—Security and Strategic Dimensions'.
- ¹⁷ Downer, 'Australia and China's Shared Interests—Security and Strategic Dimensions'.
- ¹⁸ Downer, 'Australia and China's Shared Interests—Security and Strategic Dimensions'.
- ¹⁹ Downer, 'Australia and China's Shared Interests—Security and Strategic Dimensions'.
- ²⁰ Downer, 'Australia and China's Shared Interests—Security and Strategic Dimensions'.
- ²¹ Alexander Downer, 'Media Conference: 17 August 2004', Beijing, available at <http://www.foreignminister.gov.au/transcripts/2004/040817_ds_beijing.html>, accessed 2 April 2007. [emphasis added]
- ²² Department of Foreign Affairs and Trade, *Advancing the National Interest*, p. 79.
- ²³ Downer, 'Media Conference', 17 August 2004.
- ²⁴ Downer, 'Media Conference', 17 August 2004.
- ²⁵ Downer, 'Media Conference', 17 August 2004.
- ²⁶ Downer, 'Media Conference', 17 August 2004.
- ²⁷ Downer, 'Media Conference', 17 August 2004.
- ²⁸ Greg Sheridan, 'Taiwan gaffe puts delicate balance at risk', *Australian*, 21 August 2004, p. 31.
- ²⁹ John Howard, 'Interview with Neil Mitchell', 20 August 2004, available at <<http://www.pm.gov.au/media/interview/2004/Interview1086.cfm>>, accessed 31 March 2007.
- ³⁰ John Howard, 'Interview with John Miller and Ross Davie', 15 March 2005, Brisbane, available at <http://www.pm.gov.au/media/interview/2005/Interview_1273.cfm>, accessed 1 April 2007.
- ³¹ John Howard, 'Australia in the World', address to the Lowy Institute for International Policy, Sydney, 31 March 2005, available at <<http://www.lowyinstitute.org/Publication.asp?pid=396>>, accessed 28 November 2008.
- ³² Donald Rumsfeld, US Secretary of Defense, First Plenary Session, The IISS Shangri-La Dialogue, Singapore, 4 June 2005, available at <<http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2005/2005-speeches/first-plenary-session-the-hon-donald-rumsfeld>>, accessed 7 May 2007; and Senator Robert Hill, Australia Minister of Defence, Fourth Plenary Session, The IISS Shangri-La Dialogue, Singapore, 5 June 2005, available at <<http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2005/2005-speeches/fourth-plenary-session-the-hon-robert-hill>>, accessed 7 May 2007.
- ³³ For discussion of China in the *Defence 2000* White Paper, see Department of Defence, *Defence 2000: Our Future Defence Force*, 2000 Defence White Paper, Commonwealth of Australia, Canberra, p. 37. For discussion of ballistic missiles in the *Defence 2000* White Paper, see Department of Defence, *Defence 2000: Our Future Defence Force*, p. 23.
- ³⁴ John Howard, 'Joint Press Conference with the President of the United States of America George W Bush', Washington, DC, 19 July 2005, available at <<http://www.pm.gov.au/media/interview/2005/Interview1472.cfm>>, accessed 28 February 2007.
- ³⁵ Howard, 'Joint Press Conference with the President of the United States of America George W Bush'.
- ³⁶ Howard, 'Joint Press Conference with the President of the United States of America George W Bush'.
- ³⁷ Howard, 'Joint Press Conference with the President of the United States of America George W Bush'.
- ³⁸ Howard, 'Joint Press Conference with the President of the United States of America George W Bush'.
- ³⁹ Howard, 'Joint Press Conference with the President of the United States of America George W Bush'.
- ⁴⁰ Chen Yonglin was a first secretary for political affairs in the Chinese Consulate-General in Sydney. Prior to his posting, Yonglin had been a political dissident associated with the pro-democracy movement in China. On 26 May 2005 he defected, applying for political asylum in Australia. Yonglin's defection

caused considerable embarrassment and awkwardness, Yonglin claiming that more than 1000 Chinese spies operated in Australia. The debacle was eventually resolved by Australia granting Yonglin a special protection visa rather than full-fledged political asylum. See Zhang Jian, 'Australia and China: Towards a Strategic Partnership?', in James Cotton and John Ravenhill (eds), *Trading on Alliance Security: Australia in World Affairs 2001-2005*, Oxford University Press, Melbourne, 2007, p. 100.

⁴¹ Department of Foreign Affairs and Trade, *Advancing the National Interest*, p. 79.

⁴² Howard, 'Joint Press Conference with the President of the United States of America George W Bush'.

⁴³ Howard, 'Joint Press Conference with the President of the United States of America George W Bush'.

⁴⁴ Howard, 'Joint Press Conference with the President of the United States of America George W Bush'.

⁴⁵ As mentioned previously, Howard had said in 2004: 'Our aim is to see calm and constructive dialogue between the United States and China. The government recognises that, as a nation which has different but nonetheless close relationships with both countries, Australia is well placed to promote that constructive dialogue.' See Howard, 'Australia's Engagement with Asia: A New Paradigm', available at <<http://www.pm.gov.au/media/speech/2004/speech1069.cfm>>, accessed 5 March 2007.

⁴⁶ Alexander Downer, 'Biennial Sir Arthur Tange Lecture in Australian Diplomacy', Canberra, 8 August 2005, available at <http://www.foreignminister.gov.au/speeches/2005/050808_tange.html>, accessed 26 February 2007.

⁴⁷ Downer, 'Biennial Sir Arthur Tange Lecture in Australian Diplomacy'.

⁴⁸ Downer, 'Biennial Sir Arthur Tange Lecture in Australian Diplomacy'.

⁴⁹ Department of Defence, *Australia's National Security: A Defence Update 2005*, Commonwealth of Australia, Canberra, 2005, available at

<http://www.defence.gov.au/update2005/defence_update_2005.pdf>, accessed 28 November 2008.

⁵⁰ John Howard, 'Australian Outlook: Australian Policy Priorities for the Asia Pacific', address to the Asia Society, New York, 12 September 2005, available at

<http://www.asiasociety.org.au/speeches/speeches_current/s42_John_Howard_NY.htm>, accessed 28 November 2008.

⁵¹ Michael Wesley, *The Howard Paradox: Australian Diplomacy in Asia from 1996-2006*, ABC Books, Sydney, 2007 p. 218.

⁵² Australian Ambassador to the United States Dennis Richardson, 'Address at the Brookings Institution', Washington, DC, 24 January 2006, available at <<http://www.austemb.org/whwh/SpeechEAsia.html>>, accessed 6 May 2007.

⁵³ Richardson, 'Address at the Brookings Institution'.

⁵⁴ AusAid, *Promoting Growth and Stability, A White Paper on the Australian Government's Overseas Aid Program*, April 2006, Commonwealth of Australia, Canberra, p. xi, available at

<<http://www.ausaid.gov.au/publications/pdf/whitepaper.pdf>>, accessed 28 November 2008.

⁵⁵ AusAid, *Promoting Growth and Stability*, p. 13.

⁵⁶ AusAid, *Promoting Growth and Stability*, p. 28.

⁵⁷ In 2006 instability in the Solomon Islands was sparked in part by rivalry between China and Taiwan. See Graeme Dobell, 'China and Taiwan in the South Pacific: Diplomatic Chess versus Pacific Political Rugby', *Policy Brief*, The Lowy Institute for International Policy, Sydney, January 2007.

⁵⁸ John Howard, 'Interview with David Speers', Batam, Indonesia, available at

<<http://www.pm.gov.au/media/interview/2006/Interview1997.cfm>>, accessed 6 April 2007.

⁵⁹ Alexander Downer, address to the International Institute for Strategic Studies/Strategic and Defence Studies Centre Conference, 'The New Security Agenda in the Asia Pacific Region', available at <<http://www.dfat.gov.au/media/speeches/foreign/1996/regsec5.html>>, accessed 3 April 2007.

⁶⁰ Wesley, *The Howard Paradox: Australian Diplomacy in Asia 1996-2006*, p. 218.

⁶¹ Howard, 'Australian Outlook: Australian Policy Priorities for the Asia Pacific'.

⁶² Department of Defence, *Australia's Strategic Policy: Department of Defence 1997 Strategic Review*, Commonwealth of Australia, Canberra, 1997, p. 24.

⁶³ Department of Defence, *Australia's National Security: A Defence Update 2005*, p. 6.

⁶⁴ John Howard, 'Joint Press Conference with His Excellency Mr Wen Jiabao, Premier of the State Council, People's Republic of China', 3 April 2006, Canberra, available at <<http://www.pm.gov.au/media/interview/2006/Interview1854.cfm>>, accessed 28 February 2007.

⁶⁵ 'Premier Wen Jiabao's Visit and China–Australia Relations', Embassy of the People's Republic of China in Australia, April 2006, available at <<http://au.china-embassy.org/eng/sgjs/sghd/t247388.htm>>, accessed 28 November 2008.

⁶⁶ Howard, 'Interview with David Speers'.

⁶⁷ Department of Foreign Affairs and Trade, *Advancing the National Interest*, p. xv.

⁶⁸ Forty-one senior military exchanges occurred between 2001 and 2004. Australian Defence Ministers visited China in 2001, 2003 and 2005. In October 2004 HMAS ANZAC visited Qingdao port and participated in a five-day joint search and rescue drill with the People's Liberation Army Navy. This made Australia one of the few Western countries to conduct joint exercises with China. See Zhang Jian, 'Australia and China: Towards a Strategic Partnership?', in James Cotton and John Ravenhill (eds), *Trading on Alliance Security: Australia in World Affairs 2001-2005*, Oxford University Press, Melbourne, 2007, p. 107.

⁶⁹ In the financial year 2005/2006, exports to China surged by 87 per cent to A\$8.3 billion. See Department of Foreign Affairs and Trade, *Trade 2006*, Commonwealth of Australia, Canberra, 2006, p. 13.

⁷⁰ 'China's Military Modernization and Cross-Strait Balance', hearing before the US–China Economic and Security Review Commission, One Hundred Ninth Congress, First Session, 15 September 2005, p. 232.