Australia's Hedging Policy: Dualism in the Belt and Road Initiative in 2017

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Abstract: The Belt and Road Initiative became one of the Chinese initiatives that had an influence on Asia, Africa, and Europe. Cooperation formed to lead the development of trade routes and improvement of economic relations. Australia became one of the countries that entered the maritime development in the South Pacific region. However, Australia does not seem to give a clear position to this issue until 2017. The author seeks to analyze the reasons of this unclear position from Australia through the analysis of the international system. This analysis leads to a system in the international world that influences foreign policy. The author sees the existence of economic and security systems that affect a country in establishing relationships with other countries. This leads to the emergence of the main actor who gives influence in the system. The author argues that China as a new international force has the same position with the United States as the previous influence holder. This has led to dualism in Australian policy. On the one side Australia has economic interests through relations with China. On the other hand, Australia can not abandon the United States which has become an alliance.

1 INTRODUCTION

In September 2013, China’s President, Xi Jinping introduced for the first time the concept for the Belt and Road Initiative (BRI) in a speech at Nazarbayev University, Kazakhstan (The State Council The People’s Republic of China, 2015a). In said event, President Xi Jinping took the opportunity to promote the development of a trade rout which will connect China and the Central Asian states. The statement were reiterated when President Xi Jinping visited Indonesia in October of the same year to form a closer relationship between China and the Association of South East Asian Nations (ASEAN) (The State Council The People’s Republic of China, 2015b). This statement had been a precursor to the formation of a sea lane which connects China to the Southeast Asian states. China also ventures to promote the formation of the Asian Infrastructure Investment Bank (AIIB) which fosters regional interconnectivity and economic integration. In the development of the BRI infrastructure, China’s ambition is evident in the 40 billion dollars budgeted for this initiative in February of 2014 (The State Council The People’s Republic of China, 2015b). The budget covers the support for the development of infrastructure, data sources, industrial cooperation, financial cooperation and various other projects in the nations along the route of the BRI.

The relationship that China is trying to form is not only limited to the Asian region, but also spreads to Europe, South Pacific, and Africa. The relationship China is trying to form with the European region is evident when President Xi Jinping and Russian president, Vladimir Putin gave a joint address regarding the construction of the BRI which connects the Asian and European railways in February of 2014 (The State Council The People’s Republic of China, 2015b). Relations with the Pacific Asian nations can bee seen in Xi Jinping’s address in the Asia Pacific Economic Cooperation (APEC) meeting in Beijing in November 2014.

The involvement of other countries such as New Zealand, Maldives, Saudi Arabia, and Tajikistan adds tot the list of countries involved in this project in February 2014 (The State Council The People’s Republic of China, 2015b). All in all, the road in development in the program concerns the connection of China, Central Asia, Russia, the Baltic States, the Persian Gulf, and the Mediterranean states. While the maritime counterpart includes the Northern Natuna Region, Indian Ocean, Mediterranean Ocean, and the
South Pacific Region. Until 2017, there are at least 65 countries involved in the project (Hu et al., 2017, p. 410). Which makes the total population involved in the cooperation nearing 4.6 billion people, making up 62 percent of people on Earth.

The goal this forum is trying to achieve is multilateral relations, economic globalization, cultural diversity, and better application of information and technology (The State Council The People’s Republic of China, 2015c). With the BRI, the course of the economy is expected to run smoothly with the integration of market and facilities along the route. This is applied through the coordination of economic policies, regional cooperation, as well as development of economic cooperation which benefits all parties involved. Thus, the relationship formed not only includes a general relationship between countries involved in the BRI, but also in bilateral relations, product certification and accreditation, availability of information, and peace-preservation efforts.

Australia is among the nations included in China’s attempt at developing a route through South Pacific (Zhang, 2017). However, Australia’s position in this cooperation as of now is still unclear, being in what may be said as a “gray” area. This is evident from the dualism of Australia’s behavior. New Zealand on the other hand, as a neighboring country to Australia, has been directly involved with this project. On one hand, there is an opinion about Australia’s involvement in this project being ultimately more detrimental than beneficial for Australia. This sentiment had been expressed by one of Australia’s senior member of government, which is supported by some other government members agreeing that this cooperation will compromise Australia’s security (Greene, 2017).

However on the other hand, there is the opinion that the BRI may yet benefit Australia, particularly in supporting the government’s efforts in developing Northern Australia. Australia is involved in the development of AIIB. This may impact Australia’s position later on in playing a more proactive role in the cooperation. But the dominant position which may be observed as of now is that of Australia’s reluctance to join the cooperation. This is supported by the absence of Australia’s statement regarding their position in the article regarding the BRI in the official site of the Australian Parliament (Parliament of Australia, no date). The article does not even criticize the BRI. There is an ambivalence in the debates in the Australian Parliament in which opinions opposing and supporting the cooperation may be found. (Senate of Australia, 2017a, p. 6014; 2017b, pp. 105-107). This dualism is still evident in the government’s statement which sees the BRI as advantageous for Australia. The Foreign Policy White Paper of Australia 2017 (Australian Government, 2017, p. 45) contains a statement regarding BRI as a step Australia ought to take to develop the region’s infrastructure. In this article, I attempt to find the reason behind Australia’s vague position in regards to BRI up until 2017. The author seeks to analyze the reasons of this unclear position from Australia through the analysis of the international system. Further, I argue that Australia’s positioning is an intentional hedging strategy.

2 INTERNATIONAL SYSTEM ANALYSIS

The international system is among the tools which may be used in analyzing the foreign policy of a nation. George Modelski (1978, p. 214) depicts the international system as what causes dependency in international actors’ decisions. To simplify, George Modelski (1978, p. 215) makes an analogy to domestic politics, in which cities are dependent on what occurs in the provincial or national level. In other words, smaller entities will be dependent on larger entities in deciding their actions. In this case, the actions of international actors are depicted as being influenced by larger systems, such as the international system. Thus, by observing the international system, the foreign policy of nations are adjusted accordingly (Hudson 2014, p. 173). Furthermore, I will explain how the international system can be perceived as a cycle which occurs in the international stage through the variables in the international system which influences how policies are formed.

The cycle found in the international system may be classified into several time periods, in which George Modelski (cited in Hudson, 2014, p. 177) analyzes a cycle that dates to 120 years in the past. In observing this cycle, several main events may be identified. George Modelski (cited in Hudson, 2014, p. 177) found four main cycles in the international system, in which those cycles perpetuate in sequence. First, a global war leading to the emergence of a new world power. Second, a great power emerging victorious from war. Third, delegitimation of the world power. Fourth, the shift of concentration from the previous great power to a new one, or deconcentration. Furthermore, George Modelski found that the cycle repeats within at least thirty years accompanied with changes in the military and economic aspects as seen in Table 1.
Table 1. Modelski’s cycle of international system (1981, cited in Hudson, 2014, p. 178)

<table>
<thead>
<tr>
<th>Year</th>
<th>Phase</th>
<th>Military Development</th>
<th>World Economy</th>
<th>Analysis of participating actor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1763-1792</td>
<td>Deconcentration</td>
<td>Increases</td>
<td>Spreads</td>
<td>France as main actor</td>
</tr>
<tr>
<td>1792-1815</td>
<td>Global War</td>
<td>Spends</td>
<td>Decreases</td>
<td>France’s defeat, emergence of Great Britain</td>
</tr>
<tr>
<td>1815-1848</td>
<td>World Power</td>
<td>Increases</td>
<td>Spreads</td>
<td>Great Britain as World Power</td>
</tr>
<tr>
<td>1848-1873</td>
<td>Delegitimation</td>
<td>Spends</td>
<td>Decreases</td>
<td>Emergence of Germany and the United States, Great Britain remains</td>
</tr>
<tr>
<td>1874-1913</td>
<td>Deconcentration</td>
<td>Increases</td>
<td>Spreads</td>
<td>Germany as a new player, Great Britain begins to decline</td>
</tr>
<tr>
<td>1913-1946</td>
<td>Global War</td>
<td>Spends</td>
<td>Decreases</td>
<td>Germany defeated, fall of Great Britain, United States replaces Great Britain</td>
</tr>
<tr>
<td>1946-1973</td>
<td>World Power</td>
<td>Increases</td>
<td>Spreads</td>
<td>United States as world power</td>
</tr>
<tr>
<td>1973-2001</td>
<td>Delegitimation</td>
<td>Spends</td>
<td>Decreases</td>
<td>Decline of the United States, emergence of multiactor</td>
</tr>
<tr>
<td>2001-2030</td>
<td>Deconcentration</td>
<td>Increases</td>
<td>Spreads</td>
<td>China as a new power?</td>
</tr>
<tr>
<td>2030-2060</td>
<td>Global War</td>
<td>Spends</td>
<td>Decreases</td>
<td>China as a new world power?</td>
</tr>
</tbody>
</table>

The second point that I am elaborating is how the international system may be observed through several variables. Valerie M. Hudson (2014, 174) explains that there are at least six attributes to the international system, including: the number of actors involved, distribution of power among actors, number of major power poles in the system, degree of adherence of international actors, presence of supranational organizations, and number of contested issues. The number of actors involved refers to actors participating in and making up the international system. Distribution of power among actors refers to how the relationship between two actors and how the two actors themselves may influence other actors who are not the main actors in the system. Number of major power poles in the system refers to the actors with a dominating power and influence over the system. This aspects leads in to the point of adherence to rules which becomes the basis on how other actors respond to the influence of the main power in the system. The presence of supranational organization is another variable which may be used to analyze how international actors are facilitated in a forum which influences how policy are formed. While the last variable, presence of contested issues, is a variable which may be used to see the issues afflicting the relations between actors.

As an explanan, the concept of international system has two major flaws. First, this model leads researchers to see how the existing system influences international actors (Singer, 1961, p. 80). This tends to reduce the actors’ role in the international system.
Thus, international actors – which in this case mostly refers to nations – are seen as static parties prone to the whims of the system instead of active actors able to act dynamically. In other words, seeing through the international system, researchers see international actors as not having an autonomy to act according to their free will and as being dependent to the international system. Second, the international system makes it as if there is a uniformity of action among international actors (Singer, 1961, p. 81). Every action a nation takes may be conducted on the basis of interest. While a nation’s interest may be influenced by the resources they possess, therefore, it is impossible that the actions of nations in an international system be considered uniform to one another.

From the flaws mentioned above, J. David Singer (1961, p. 82) argues that the use of the international system as a concept to analyze international phenomena is no more than an effort to fulfill the predictions made by researchers. In other words, the actions conducted by international actors may be predicted upon broader variables. Explanations regarding international systems has brought me to the conclusion that Australia’s position in regards of the BRI tends to be vague or “gray”. More specifically, Australia can be said to be hedging. Hedging refers to the behavior of nations in regards to several policy choices (Kuik, 2008, p. 163). This is done in order to balance the risks within an uncertain situation. Risks in the international stage refers to the field of security, economy, and politics. These three aspects are considered to be influential to other specific policies that a nation forms. The hedging position is also popular among nations with smaller powers in facing other nations with greater power. As Valerie Hudson (2013, p. 173) stated, that lesser powers in an international system must defend themselves by seeking protection from greater powers. Furthermore, I will refer to this theoretical framework in analyzing Australia’s policies.

3 THE RISE OF CHINA AND THE UNITED STATES’ HEGEMONY TO AUSTRALIA

Referring to the table created by George Modelski (1981, cited in Hudson, 2014, p. 178) as can be found above, it is evident that in the present era there is an emergence of a new player in the international system and the decline of preceding players. Marijke Breuning (2007, p. 144) explains the concept of emerging power in reference to China’s position presently. Whereas the previous superpower, referring to the United States as being at the apex of the international system since the end of World War II. Furthermore, China presents itself as a challenger to the United States, consistently gaining more power. Some researchers (cited in Ikenberry, 2008) are of the opinion that the era of the United States’ dominance is reaching its end. The world’s orientation to the West is gradually being replaced by the increasing influence from the East. The military can be said to improve seeing as the debate regarding the development of nuclear weapons on a global scale has increased considerably. Whereas regarding the increase of economic development, I consider how nations in the world has begun to develop their economies through cooperation with other nations. Among the form of cooperation taking place between states is China’s BRI.

The emergence of China as a new power in the global constellation is observable by the sharp increase in trade of goods and services from 200 valued at 1 trillion dollar, to 4 trillion dollars in 2009 (Hachigian et al, 2009, p. 7). Not only that, China also has a high import and export value as well as a large sum of investment in various countries. In short, China has a great economic value compared to the nations in the world. Grifford John Ikenberry (2008) states that it is far from impossible that with the current economic development and with China actively pursuing diplomatic relations, their power and influence may experience a considerable increase. China has become Australia’s greatest investor, rendering the mutual relationship between the two nations an important point (Findlay, 2011, p. 181). On the other hand, China has been a potential trade partner for Australia for quite some time. Australia has become the main supplier of raw materials for China’s industries (EABER dan CCIEE, 2016, p. 271). This relationship is predicted to continually increase with the increase of Australia’s export to China, predicted to reach 120 percent, and China’s export to Australia increasing by 44 percent (EABER dan CCIEE, 2016, p. 15). Sino-Australian relations are also supported by international forums such as G20. Considering the intensity of the relation between China and Australia in the economic sector, BRI can be considered as among the most potential forums for Australia. Also considering the increase of China’s influence on neighboring countries in the region who also has a trade relation with Australia.

On the other hand, the United States still cannot be considered independently from their role as the
founder of the current international system, from 2017 onwards (Hachigian et al, 2009, p. 9). This is
due to the United States’ vital role in shaping
international institutions as well as norms and rules in
place in the world, as evident in the United States’s
role as the largest donor to the United Nations (UN)
and the World Trade Organization (WTO). The
United States also has an important role in
maintaining the order and security of the world,
including military weaponry management and
terrorism management (Beeson, 2003, p. 113). The
United States is also in possession of a considerable
economic value. This can be observed in the
relationship the United States has which includes
regional and global forums. In other words, the
United States is still considered to be the main actor
or the hegemon in the economic, political, and
cultural aspects on the whole and in particular, in
military relations (Beeson, 2003, p. 127).

Australia and the United States has a relationship
which may be considered as a close alliance since the
end of World War II (Beeson, 2003, p. 113). This
relationship entails a cooperation in the security
aspect for Australia. There are those of the opinion
that the alliance formed between Australia and the
United States is a strategic choice on the part of
Australia to secure their safety with the United States
(Beeson, 2003, p. 115). This security alliance is
accommodated by the formation of ANZUS, a security
forum between Australia, New Zealand, and the
United States. The Australian territory in the Pacific
Ocean is also part of the basis of the United States’
influence in this country. This is in part due to the
United States’ perception of regions bordering the
Pacific Ocean as rightfully belonging to the United
States to spread their influence (Dosch, 2004, p. 16).
However, the relations between Australia and the
United States is also heavily criticized in regards of
the involvement of Asian nations which goes largely
unnoticed by Australia. Further, this dualism will be
depicted through the six variables by Valeri Hudson.

4 AUSTRALIA’S POSITIONING
IN THE INTERNATIONAL
SYSTEM

I represent the international system in place in 2017
in the variables as proposed by Valerie Hudson in
Table 2. I recognize two main actors in this
international system: the United States and China,
besides other actors who also exerts some influence
on the international system, albeit not at the level of
the United States and China. The involvement of
these other actors can be perceived in the United
States’ ambitious endeavour of forming cooperation
through multilateral relations (Hachigian, 2009, p. 6).
In addition, this is also indicated through the BRI
formulated by China. The distribution of power is
recognized between the United States and China,
each with their own focus, including the economy in
which presently China is leading, and in security
which remains under the domination of the United
States.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of actors</td>
<td>The United States, China, “the rest”</td>
</tr>
<tr>
<td>Distribution of power</td>
<td>The United States and China on different issues</td>
</tr>
<tr>
<td>Number of major power poles</td>
<td>Two (The United States and China)</td>
</tr>
<tr>
<td>Degree of adherence</td>
<td>High to the United States and China</td>
</tr>
<tr>
<td>Supranational organizations</td>
<td>The UN and WTO</td>
</tr>
<tr>
<td>Contested issues</td>
<td>Economy and security</td>
</tr>
</tbody>
</table>

As has been expounded upon previously in
regards of distribution of power, there exists two
major power poles in the United States and China.
Both actors gives off the impression of opposition in
their cooperation, particularly in their ideological
background and ambition for power. There are also
those of the opinion that the United States is headed
for a decline in the international system. The United
States’ decline can be seen in the views of North
Carolina senator, Jesse Helms (cited in Hachigian et
al, 2009, p. 9) who had stated that the United States’
position in the UN has declined along with the
transformation of the UN as an independent body no
longer warranting the United States’ support. This
goes on to explain how the BRI enters Australia’s
Foreign Policy White Paper 2017 (Australian
Government, 2017, p. 45). The adherence of the other
actors can also be identified as being quite high to
both powers, as evident in the number of alliances the United States has formed with nations who are part of China’s BRI. I view supranational organizations as another relevant variable with the presence of the UN and WTO, despite their presence relying largely on the states with greater power. The principles held by the UN and WTO can also be found in the main principle of BRI particularly in the point regarding the preservation of peace and the economic treaty (The State Council The People’s Republic of China, 2015b). Whereas the contested issue lies in the consent between economy and security in regards of nuclear security and terrorism.

To draw a conclusion on the international system as it is in the deconcentration phase, with the rise of China and the United States still playing an important role in the system, Australia’s response in regards of the BRI can be said to be that of hedging. In an international system which places the United States and China as two major power poles who influence one another, Australia is predisposed to take a safe bet and maintain a relationship with the United States and seize the opportunity to join the BRI. It is evident that the alliance between the United States and Australia has prevented Australia from forming a cooperation with countries in the Asian region, in this case China (Beeson, 2003, p. 114). Moreover, with Australia’s effort to maintain security in their region by cooperating with the United States. On the other hand, Australia also has an intense economic relationship with China. Australia is trying to suppress economic risk by maintaining a relationship with China. This is the reason why Australia’s position tends to be more vague or “gray”.

5 CONCLUSION

From the explanation above, I conclude that the international system may be used to explain Australia’s position in regards to the BRI and China. The international system represents how the intensity and influence of economic and security issues on a global scale has increased. This leads to the formation of relationships which tends to be in support of the economic and security conditions. This relationship is created by forming multilateral cooperations and alliances. In this regard, the United States and China are the two main actors to bring economic and security issues in order to form relations with other nations. The international system gives the United States and China room as the two entities who holds the main power in the international stage. The international system also explains the current international condition and accounts for the emergence of new powers alongside established ones which are experiencing a decline. This places China as a new player and the United States as the old hegemon on the decline. Thus, China and the United States’ presence is a clear influence on the foreign policy of other nations, including Australia.

The dualism which emerges with the rise of China and persistence of the United States in the system causes Australia to experience some sort of dilemma in taking a stance regarding the BRI. China, with an intensive economic relation with Australia, is an actor with a considerable potential in forming a cooperation. In this regard, the economic issue is the main aspect to influence relations between Australia and China. Whereas the security issue may be found in Australia’s attempt of maintaining a relationship with the United States. The dualism is also caused by the persistence of the United States’ influence in the international system. Australia is led to maintain their relationship with the United States, forming an alliance not only focusing on the security aspect, but also economic. In addition, the relations between the United States and Australia is also facilitated in their multilateral relations. Thus, Australia’s position in regards of the BRI tends to seem vague due to the dualism of influence from the United States and China in the international system.

I argue that in future, Australia’s position in regards to the BRI may change yet, even becoming more proactive. In addition to the assumption regarding the international system which predicts the decline of the United States, this is also supported by the present condition in which there is a good working relationship with China. Although if this does occur, Australia’s footing with the United States is predicted to be compromised. In this juncture I acknowledge a flaw in the international system concept which considers national foreign policy to be uniform. Or, in other words, that a nation’s foreign policy is directed by the international condition without regard of whatever interest the nation happen to have. A nation is made out to be rigid and intransigent to the constructed dynamics of international relations, even before change occurs. According to Australia’s interests, it would make sense if they maintain a cooperation with both parties. However, throughout their history Australia’s policy orientation never disregards the United States.
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