



AUSTRALIA'S HEDGING STRATEGY IN THE UNITED STATES- CHINA RIVALRY IN THE INDO-PACIFIC REGION 2018-2022

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Abstract

Indo-Pacific region has been an important region for Australia, Australia has made Indo-Pacific as a main region for implementing its foreign policy. Indo-Pacific known as high politic economic region with the influential countries, this become both a strength and a weakness for Australia. Though Australia get advantages to join important cooperation, US-China rivalry conflict requires a bad impact for Australia. Political conflict makes the stability of Indo-Pacific begins to fall, so Australia trying to control its national security. Australia must choose an impartial policy between the US-China, though Australia has diplomatic relations with both. This research uses descriptive qualitative, complete with research review method and Hedging Theory to explain the issue systematicly. The results of this study elucidated the hedging strategy implemented by Australia in response to the rivalry conflict between the United States and China in Indo-Pacific during 2018–2022, which posed threats to both Australia's security and regional stability

Keywords: Australia; hedging strategy; Indo-Pacific Region

Abstrak

Kawasan Indo-Pasifik telah menjadi kawasan penting bagi Australia sejak dulu, bahkan Australia menjadikan Indo-Pasifik sebagai kawasan inti implementasi kebijakan luar negerinya. Kawasan Indo-Pasifik dikenal sebagai kawasan dengan gejolak ekonomi politik tinggi disertai kehadiran negara berpengaruh menjadi kekuatan sekaligus kelemahan bagi Australia. Ditengah keuntungan yang didapatkan Australia dari kerja sama besar di kawasan tersebut, konflik rivalitas AS-Cina di kawasan Indo-Pasifik, membuat Australia harus mencetuskan kebijakan luar negeri yang tepat. Gejolak politik membuat ketidakstabilan keamanan kawasan Indo-Pasifik terus meningkat, sehingga Australia berusaha untuk mengamankan negaranya. Australia harus memilih kebijakan yang tidak memihak di antara AS-Cina, mengingat Australia memiliki hubungan diplomatik dengan keduanya. Penelitian ini menggunakan metode kualitatif deskriptif, dengan metode studi literatur dan Teori Hedging untuk menjelaskan isu secara sistematis. Hasil penelitian menjelaskan mengenai strategi hedging yang digunakan Australia ketika konflik rivalitas Amerika Serikat dan Cina di kawasan Indo-Pasifik tahun 2018-2022 mengancam keamanan Australia

Kata Kunci: Australia; strategi *hedging*; kawasan Indo-Pasifik

Introduction

Australia is geographically located between the three important regions of the Pacific Ocean, Indian Ocean and Southeast Asia. The country's strategic location has made Australia heavily involved with the regional community to gain a crucial position. Australia is also said to be one of the countries in the world that has high economic development. Abundant wealth with high quality Human Resources supports its economic growth to continue to survive amid the phenomenon of world recession. Australia is even a member of the *Organization of Economic Co-operation and Development* (OECD). According to the OECD study, Australia is designated as the six fastest growing economic traders able to take advantage of the development of large investments in building social infrastructure such as infrastructure, health, transportation and education. In addition, Australia excels in infrastructure and information and communication technology (ICT) innovation (Australian Embassy, 2023).

The development of Australia's growth rate is supported by its activity in following the geopolitical currents in the Indo-Pacific region. This step is an important thing that Australia must do as a country located in the Indo-Pacific region, where Australia must keep abreast of political, economic and security issues in the region. In the past, in the study of Indo-Pacific studies, Australia was referred to as the Western countries that became the *Guardians of the Pacific*. Australia, which always shows itself as a pro-democracy and pro-capitalistic country by providing protection from communist expansion and regional instability, is a strategy used to prove itself as an important actor in the region (Yadav, 2022).

Supported by the geographical value of many potential natural resources, marine wealth and the presence of major countries such as Japan, China, India, Australia, South Korea, the United States, Canada and the ASEAN Regional Organization, making the region a center of maritime geopolitical activities, trade, security, economy and the world environment (Saputra & Sudirman, 2020). The Indo-Pacific region has become the fastest growing region in the world today.

As a country that makes the Indo-Pacific region the main focus of its country's cooperation and policy sources, the security and political stability of the Indo-Pacific region is very influential for Australia. Australia engages in various partnerships and seeks to stay in the political flow of the region to maintain this stability. However, the

Indo-Pacific region, which continues to develop into the geopolitical *center of* the world, has an impact on security stability that is difficult to control. The formation of regional cooperation carried out by major countries in the Indo-Pacific region has become its own boomerang. All countries involved in the Indo-Pacific have different interests so that the goals achieved will be difficult to implement. The problems that exist in the Indo-Pacific region involve many conflicting parties, such as the competition and disputes of the United States and China trade wars that have occurred since 2018 (Winata & all, 2021).

The emergence of China as a new world economic power has had a major effect on the world, where China's economic growth rate and military power have increased from the time of Deng Xiaoping to the 21st century. To deepen its presence in the Indo-Pacific region, China built bilateral investment agreements with more than 100 countries in the world economy. China is even considered a country capable of providing great opportunities for economic change and prosperity in the Indo-Pacific region. China was able to agree on sixteen free trade agreements with countries such as Korea, Switzerland, Iceland, Costa Rica, Peru, Singapore, Chile, New Zealand, Pakistan, Cambodia, Mauritius, Maldives, Georgia, and Australia. China's success in attracting many countries for cooperation in the field of trade will have a major impact on its economic growth, where the distribution of goods and services worth billions of dollars can be carried out without large additional taxes (Yadav, 2022).

China's expanding influence in the Indo-Pacific region has made the United States aware of China's increasing involvement in the region. The United States and China have different visions for Southeast Asia and the Indo-Pacific region at large, driving regional instability as two great powers seek to dominate (Lin & all, 2020). Seeing the insecure situation, the United States is aggressively cooperating in the fields of security, economy, and trade with countries in the Indo-Pacific such as the formation of AUKUS. AUKUS is one of the trilateral alliance cooperation carried out by Australia, the United States and the United Kingdom to maintain security stability in the Indo-Pacific region. It is said that this Defense Pact is used to stem China's power in the Indo-Pacific region (Nindya & Abiyya, 2022).

The increasing rivalry between the United States and China has an impact on Australia. Australia, which has been a long-standing actor with political interests in the Indo-Pacific region and has made the region the center of its foreign policy, makes

Australia feel threatened by the conflict between the two countries rivalries. This situation requires Australia to actively participate in the political arena between the two, just to maintain its national security. Australia tries to maintain the stability of its country by being part of security cooperation in the Indo-Pacific region such as the QUAD alliance, Five Eyes, and AUKUS. In addition to maintaining national security, Australia is also trying to increase cooperation in the economic field by entering into RCEP and RAA cooperation from Japan.

Through this research, the author will further examine the strategies taken by Australia to maintain its national security from the turmoil of the Indo-Pacific region conflict. The step chosen is the hedging strategy, where this strategy helps Australia to deal with the problem of the dilemma of cooperation with the United States and China. The hedging strategy shows the actions taken by Australia are not only based on the *balancing* strategy but also on the *bandwagoning strategy*. The ongoing US-China problem has long impacted Australia, thus requiring Australia to improve policies that are able to support Australia's stability and achieve the country's national interests. The policy to use a hedging strategy is deemed appropriate to solve the problem.

This article will analyze more deeply the application of *hedging* strategies undertaken by Australia to protect its strategic interests in the economic, political and security fields. The author uses Hedging Theory as a foundation to understand Australia's foreign policy in responding to the rivalry between the United States and China in the Indo-Pacific region, focusing on the various forms of cooperation Australia has established, including the AUKUS security alliance and involvement in the RCEP global economic agreement, as well as regional cooperation with Japan through the RAA. The article also presents an analysis of these partnerships to evaluate relevant actions taken by Australia in the face of regional conflict dynamics.

Theoretical Framework

Hedging Theory

Hedging theory is a theory promoted by Goh through her book "*Understanding 'Hedging' in Asia-Pacific Security*" in 2006. According to Goh, hedging is an attitude or strategy taken by a country that aims to avoid a major power that threatens its country so that the country cannot have an alternative way of *balancing* and *bandwagoning*, and the country

tries to use another strategy, namely a hedging strategy. This strategy helps states deliberately avoid circumstances that require them to choose or determine the right policy. In the sense that countries try to maintain their neutral impression by deliberately not determining support or choice to countries that have great power (Prasetyono & Babys, 2020). So it can be said that hedging is an alternative strategy used by a country to maintain the security stability of its country by being *ambiguous* or having dual intentions.

Hedging theory began to be widely used when the world political situation continued to develop and a new theory was needed to understand the new actions used by the state in maintaining its sovereignty. The term hedging emerged driven by the emergence of China as a major world power rivaling the United States. The existence of two major world powers will make it difficult for medium/small countries to choose, so the idea of "hedging" is used where the state does not only use defense or balancing strategies, but combines both as insurance against an uncertain future (Goh, 2006). Hedging is often used by countries in the Indo-Pacific region where countries in this region mostly have relations with the United States and China, therefore the term hedging is also said to be one of the influential concepts that emerged amid turbulent international relations in the Indo-Pacific region in the 21st century.

Hedging strategies then become a solution for countries that feel pressured by the world's great powers. The hedging strategy reflects that the state takes *middle position* actions to avoid various conflicts that can occur. This strategy helps countries to be able to choose steps in cooperation or competition at one time so that the country will be more aware of the uncertainty of the behavior of their partner countries in the future, given that the state is an actor who often changes its policies according to the interests it wants to achieve (Suhito, 2018).

In the hedging theory proposed by Goh (2006), this strategy gives the impression of unclear intentions carried out by state policy, where the state is *balancing* and *bandwagoning* in dealing with problems with large countries. When the state cannot choose to do *balancing* or *bandwagoning*, the hedging strategy is the answer that can be used to maintain the stability of state security. Hedging strategy is considered to be in accordance with the actions taken by Australia today to deal with the dynamics of the United States-China rivalry relationship in the Indo-Pacific region. Australia, which has

a strong alliance relationship with the United States, will be difficult to choose when China also plays a role as an economic partner in Australia. Therefore, to understand how the strategy used by Australia while dealing with these two major countries, behavioral analysis through hedging strategies is very helpful for the author to understand the issue further.

Research Methods

The type of research used is descriptive research method and qualitative approach, this type of research presents a detailed picture of a particular situation. In the type of descriptive research according to Cooper and Emory, it is said that this type of research requires the author to have the ability to research high and ideal issues when comparing with ordinary research, both related to aspects of its design and implementation. The author will identify how the strategy and foreign policy of Australia during the US-China rivalry relationship takes place in the Indo-Pacific region. The author will present the facts that occur regarding Australia's Hedging Strategy, and analyze the issue following the scientific writing guidelines of descriptive research methods and qualitative approaches.

In this research, the author uses data collection techniques through literature studies to confirm the data that has been obtained. The literature study is used by the author to be able to analyze various theoretical perspectives through a review of literature sources that are relevant to the issues the author raises. The literature study method will help the author present a more straightforward and systematic understanding of Australia's hedging strategy in the Indo-Pacific Region in the face of rivalry between the United States and China. The literature sources used by the author consist of books, journals, theses, theses and official web/articles.

Results and Discussion

United States-China Rivalry Conflict in the Indo-Pacific Region

Since the emergence of China into a country with a high economy and politics in the world, world geopolitical conflicts in the 21st century have continued to increase. The United States feels that China's growing power will affect its position as a world superpower. Interconnected in various issues, economic, security and socio-cultural

aspects make the relationship between the two complex, consequential and tortuous. At its peak in 2018, the conflict between the two countries broke out and resulted in a Trade War that affected countries in the world. The great economic power of both the United States and China affects the policies issued by other countries, where they must be able to take appropriate action in order to avoid the wave of conflict.

When conflict occurs, the United States and China are at odds with each other, the policies issued by the two countries provoke problems. The issue of conflict continues to expand to conflicting concepts and policies, where each country intends to suppress the opposing force. One of them is seen in the use of the terms 'Indo-Pacific' and 'Asia-Pacific' used by the United States and China. As a new term that emerged to replace the concept of 'Asia-Pacific', Indo-Pacific, which was originally used by the United States in the delivery of the "*Free and Open Indo-Pacific (FOIP)*" policy, began to be used by other countries around the Asia-Pacific region such as ASEAN, Japan, India and Australia (Kai & Li, 2020).

However, China seems to refuse to use the term, where to date no official Chinese document uses the term 'Indo-Pacific'. For example, in its latest defense white paper, China continues to use 'Asia-Pacific' to describe its geographic region (Kai & Li, 2020). With the difference in geographical concepts between the Indo-Pacific and Asia-Pacific, the strategic competition between the US and China has just begun. On the economic front, the United States and China are competing to be the best and most powerful countries in the world.

As tensions rise between the current power (the United States) and a rising power (China), it could lead to military conflict. Any unwise move could increase the risk of both countries falling into conflict. Cooperation supported and initiated by China and the United States include the *Belt Road Initiative (BRI)* and the *Free and Open Indo-Pacific (FOIP)*. The policies made by both countries make countries in the Indo-Pacific region must be faced with the choice to choose one of them so that countries in the region are separated into two camps.

The "*Free and Open Indo-Pacific*" (FOIP) strategy was initiated by Prime Minister Shinzo Abe in August 2016. The idea was originally a vision that set the pace for Japan's international cooperation in the region, where regional stability is crucial to Japan's security and economy. FOIP essentially seeks to connect the Indian Ocean and the Pacific

Ocean, with ASEAN as the "hinge" between them (Grissler & Vargo, 2021). FOIP will connect Asia and its economic growth to Africa, it aims to open up new frontiers by achieving sustainable growth in Africa and Asia. The concept of 'free and open' refers primarily to the rule of law, freedom of navigation, and free trade. Nonetheless, the core idea of the *Free and Open Indo-Pacific* (FOIP) strategy proposed by Japan and the United States requires definite steps to be realized.

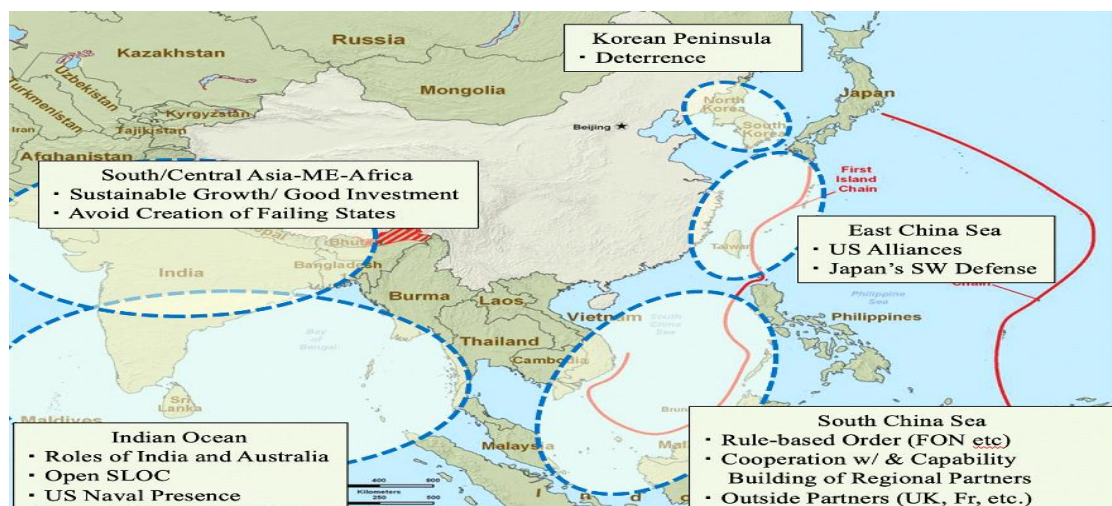
At the same time, China's *Belt and Road Initiative* (BRI) refers to an economic zone spanning Asia, Europe and Africa that connects economic potential in the Indo-Pacific region. The BRI was launched in 2013 by providing much-needed infrastructure to developing countries. Under the BRI project, China is deploying military personnel, training, and ports in BRI partner countries such as Colombo-Sri Lanka, Koh Kong-Cambodia, Darwin-Australia, Gwadar-Pakistan, Hambantota-Sri Lanka, Kuantan-Malaysia, Malacca Gate-Malaysia, Muara-Brunei Darussalam, and Kyaukpyu-Myanmar. With the spread of this military deployment area, BRI will strengthen China's position and increase China's trade value with BRI partner countries, so that it is predicted that many countries will experience economic dependence due to this Chinese policy (Winata & Dkk, 2018).

The geographical areas where FOIP and BRI overlap provide opportunities for both sides to cooperate or compete with each other, although these areas do contain unstable sub-regions. But the presence or lack of peace and stability in these places will predict the further development and growth that both plans aim to achieve. It is crucial for Japan and the United States to understand the strategic environment within the BRI and FOIP zones. Since Japan is located next to the East China Sea, an important area where FOIP and BRI overlap, Japan in particular needs to explore what it can do to bring stability to the East China Sea based on an accurate strategic understanding.

The common desire of the United States and China regarding the planning of BRI and FOIP, will push the conflict between these two countries to become bigger and involve many world countries so that the conflict of trade rivalry between these two major world powers will affect the selling value of trade, investment and the development of free trade cooperation between countries or regions. Moreover, the geography of China's BRI and the FOIP plans proposed by Japan and the US have many overlapping areas. There are some areas where the two sides can cooperate, but they may have conflicting

interests. The common areas of BRI & FOIC and the overlapping policies of the two countries can be seen through this (Figure 1).

Figure 1 - Geographical Map of BRI and FOIC Policies



Source: The Sasakawa Peace Foundation

It can be seen in the figure that the two have different characteristics, both geopolitically and geo-economically. The sub-regions under FOIP stretch from the Korean Peninsula through the East and South China Seas, the Indian Ocean, and South and Central Asia to the East coast of Africa. There are also different influential actors depending on the strategic environment in each sub-region. While China faces major economic and military powers such as the US, Japan and South Korea in the East China Sea. China also faces much smaller actors, such as ASEAN member states. In the South China Sea, it is important to build the capacity of regional countries and engage outside partners, such as the UK and France, to pursue the rule of law such as freedom of navigation. In the Indian Ocean, India and Australia are expected to provide positive influence, in addition to the permanent presence of the US Navy. Failed states that are hotbeds of terrorism stretch from South and Central Asia to Africa and pose a serious threat to the region (Yamaguchi, 2021).

Through the analysis of Chinese scholars' perception of the US FOIP strategy, China has changed its assertive stance in foreign policy towards its neighbors. For example, China has rebuilt its strategic relationships with India and Japan and has assured ASEAN countries that China will take a less assertive approach to the South China Sea (SCS) dispute. The combination of China's restraint strategy seems to have succeeded in

preventing regional powers from joining the U.S. In the short term, however, whether or not a new Cold War emerges in Asia still depends on the wise strategic choices to be made by the United States and China, as well as by other powers in the region (Kai & Li, 2020).

The Asia power 2023 index, released by the Lowy Institute this week, confirms that the US-China rivalry is likely to be the defining feature of the Indo-Pacific in the coming decades. The data shows a power mapping of 26 countries in Asia, showing that a growing gulf separates the US and China from the next most powerful country in Asia. China is almost twice as powerful as India or Japan.

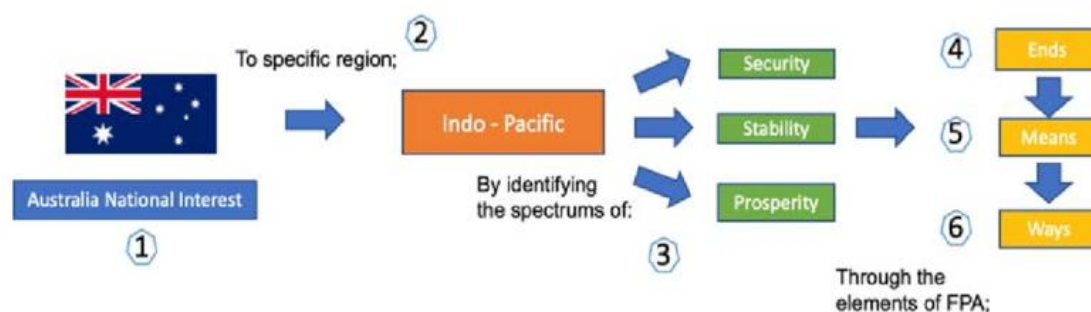
This means that contrary to many regional states' hopes for a "multipolar" region, where power is shared among a diverse group of states, the Indo-Pacific is more likely to be "bipolar". The most important variables are the US, China, and how they approach each other. Just as important, the Asia Power Index also shows that China is unlikely to become the flagship in Asia anytime soon. The US still has an enduring advantage in terms of its military capabilities, technological sophistication and favorable demographic prospects. Meanwhile, China, while unlikely to surpass the US, continues to invest in the military capabilities and diplomatic relationships it needs to become a formidable long-term competitor to the US (The Guardian, 2023) .

Australia's Interests and Threatening Conflicts in the Indo-Pacific Region

As a country with many interests in the Indo-Pacific region, Australia has various interests in the region. Australia is one of the strongest and most active supporters of the Indo-Pacific concept. Australia's efforts to make the Indo-Pacific region a key region for its foreign policy have been seen since World War II, Australia has sought to define its national interests in the Indo-Pacific region through international politics. Australian foreign policy makers have also vigorously engaged in cooperative relations related to building relations with countries in the Indo-Pacific region. Even in decades, the main focus of Australia's national interests in foreign policy has always depended on the dynamics of the political arena in the Indo-Pacific region (Anwar, 2023).

The elaboration of Australia's interests in the Indo-Pacific region can be seen in the figure below,

Figure 2 - Elaboration of Australia's National Interests



Source: <https://ijpsat.org/index.php/ijpsat/article/view/5351/3344>

The diagram above shows that Australia has a big agenda in the Indo-Pacific region by positioning itself as the epicenter of the region by utilizing its national power through diplomacy, information, military and economic (DIME) instruments. Australia has a long-standing interest in the Indo-Pacific region due to its location and prominent influence in balancing regional power through the implementation of a solid foreign policy. So Australia has always focused on developing influence in the Indo-Pacific region by prioritizing security, stability, and prosperity (Montolalu & Perwita, 2022).

In addition, to support Australia's position and interests in the Indo-Pacific region, Australia always wants to engage with countries in the region either in providing assistance or conducting cooperation. Australia feels able to be a party that provides benefits and assistance to countries in the region, especially to Southeast Asian countries (ASEAN). Australia often contributes in the form of assistance or actions that help address issues that occur in the Indo-Pacific region, one of which is the issue of the South China Sea conflict involving ASEAN countries and China. Australia also participated in handling the resolution of ethnic conflict issues in the Solomon Islands, the crisis in Papua New Guinea, and the military coup in Fiji (Montolalu & Perwita, 2022).

Experts also observe that Australia sees the Indo-Pacific as a strategic transition, where Australia is not only focused on spreading influence to major countries but also countries in the Indo-Pacific region. In particular, Australia chooses to focus on the geopolitical turmoil in the Indo-Pacific region dominated by the United States and China. Australia sees a shift in regional power due to the conflict between the two major countries so that Australia interprets its state policy to keep the country's situation safe when these two countries are in conflict. Moreover, Australia has a fairly close relationship with the United States and China (Montolalu & Perwita, 2022).

Australia's involvement has increased along with the high intensity of the US-China conflict in the Indo-Pacific region. Since the beginning of Australia's desire to become a party that can play politics in the Indo-Pacific region, Australia has taken many steps by cooperating with countries that can support the success of achieving its political interests. Indirectly, Australia is involved with major countries in the region with similar political interests such as the United States, China and Japan, which then causes Australia's international political maneuvers to become a concern.

Australia's political development then has an impact on its relationship with China, especially in the field of defense, where the increasing US alliance with Australia when the Rivalry Conflict occurs in the Indo-Pacific region encourages the conflict between Australia and China. In 2021, China is said to be preparing its country's military power with advanced technology and planning for the construction of military bases. China is rumored to be developing a long-range missile called the "*Intercontinental Ballistic Missile*" (ICBM). This missile is known to be able to reach targets with a radius of about 15,000 Km which will be built at military bases outside Chinese territory. It is suspected that the manufacture of these nuclear weapons is not carried out in China's own territory but in partner countries such as the United Arab Emirates, Cambodia and the Solomon Islands. This is a threat that can endanger surrounding countries (Shugart, 2021).

China's missile development plans could pose a significant threat to Australia, especially if China decides to implement its missile employment strategy. Missiles claimed to have a range of up to 15,000 km from the Chinese mainland would easily cover an area of Australia that is about 4,000 km away. In addition, China's planned military infrastructure development in Australia's neighbors, such as the Solomon Islands and Vanuatu, exacerbates Australia's national security concerns. The uncertainty of the conflict means that Australia must be prepared for a variety of threats (Shugart, 2021). The US-China rivalry conflict that can threaten Australia's sovereignty requires Australia to take action that is not rash in order to maintain the stability of its national security and the region in the Indo-Pacific.

Australia's Hedging Strategy Amid US-China Rivalry in the Indo-Pacific Region 2018-2022

The threat of security stability faced by Australia is at hand when China is said to have long-range missiles that can endanger the country. Especially with Australia's involvement in the midst of the rivalry between the United States and China, where Australia is an important partner country for both countries, both in the political, economic and military fields. The increase in Australia's bilateral relations with the United States and China from year to year also causes unpredictable responses from both countries. When on the one hand the cooperative relationship between Australia and the United States in the military field gives a negative response from China, and vice versa this will harm Australia in the future. Therefore, Australia must be able to make the right decisions that will not harm it at any time.

But if Australia tries to stay away from China, which plays an important role in the development of the country's economic growth, this will have a significant impact. It can be seen that from 2019-2022, China's position as the country with the world's largest trade (export) partner cannot be rivaled by any country. This can be seen in the table below.

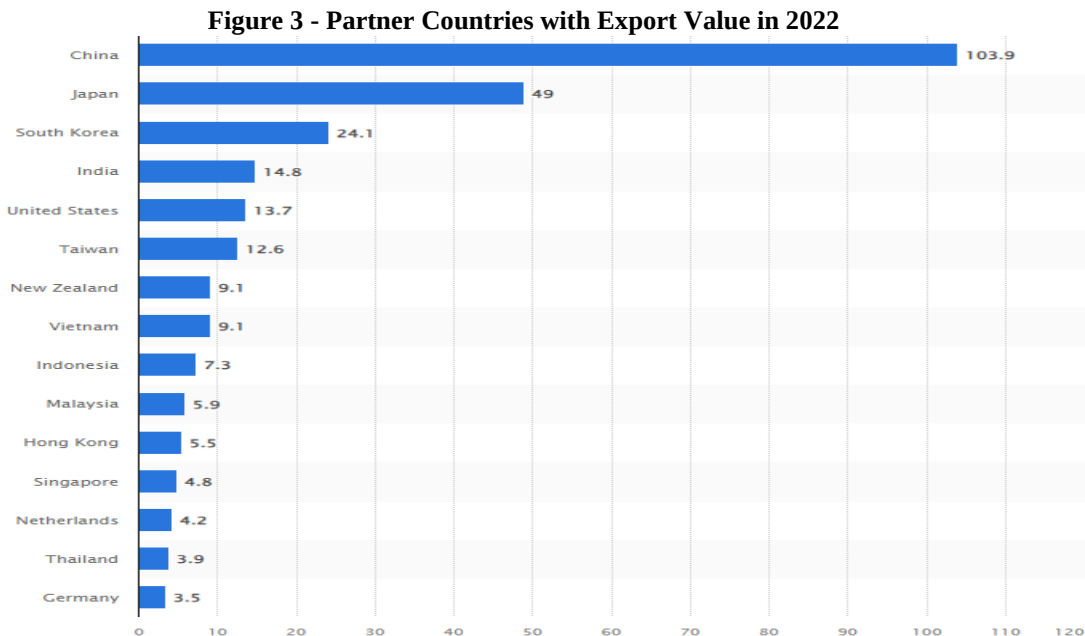
Table 1 - Australia's Trade Partners and Foreign Investors in 2019

Partner Country	Percentage Value (Dollars)
China	\$235.0 B
Europe	\$127.5 B
ASEAN Countries	\$123.7 B
Countries of the Americas	\$98.7 B
Other Asian Countries	\$97.4 B
Japan	\$88.5 B
Island Countries	\$42.8 B
Republic of Korea	\$41.4 B
Africa	\$11.2 B

Source: Australian Government, Trade and Investment at a glance 2020, 2020

The graph above shows that China is the top country that has the largest percentage of foreign trade and investment partners in Australia in 2020 with a value of \$235.0

Billion Dollars. This factor then supports the increase in economic cooperation between Australia and China. Meanwhile, in 2022, China still holds a high rank as a partner country that has a high export value in 2022, this can be seen in the graph below.



Source: <https://www.statista.com/statistics/622568/australia-export-partners-by-value/>

This table shows that China holds the top position with 103.9 Billion USD. Even this value is beaten by the United States which only has an export value of 13.7 Billion USD. The magnitude of China's contribution to the development of Australia's foreign investment and exports makes it difficult for Australia to let go of this good potential in the economic field. Therefore, Australia chooses to see the importance of the country's security stability by increasing economic growth.

Therefore, Australia chose to take advantage and cooperate with both the United States and China despite the turbulent rivalry. Australia's actions that are more focused on building cooperation not only with the US-China but also with major countries in the Indo-Pacific region show that Australia wants to maintain the security and stability of the country by not showing which axis the country is on. The hedging strategy is felt to be the right strategy to explain Australia's actions so far in the Indo-Pacific region when US-China rivalry continues to increase, especially Australia as a "*Middle Power*" country must be able to take the right action and not be rash. The cooperation that Australia does to support the hedging strategy continues and helps maintain regional and national stability.

AUKUS Defense Pact

AUKUS is a defense pact initiated by three major countries with capable military forces, namely Australia, the United Kingdom and the United States. On September 15, 2021, US President Joe Biden, British Prime Minister Boris Johnson, and Australian Prime Minister Scott Morrison announced their trilateral security cooperation called AUKUS with its main initiative to provide a nuclear weapons-powered submarine fleet for Australia.

AUKUS will help "protect shared values and promote security and prosperity in the Indo-Pacific region." But it also says that AUKUS aims to deepen diplomatic, security and defense cooperation among the three countries, AUKUS will also focus specifically on deepening integration in defense-related sciences, technologies, industrial bases and supply chains, with particular emphasis on cyber capabilities, artificial intelligence, quantum technologies and new undersea capabilities (Novita, 2022). In general, the core direction of the AUKUS security partnership is to convey balance to the Indo-Pacific region.

It is believed that AUKUS will pave the way towards greater information intelligence that can share and enhance connectivity between the armed forces of the three countries. As well as the initiative to transfer the transfer of nuclear-powered submarines to Australia that have not previously been used by other countries, where nuclear-armed states will send the necessary fleet to non-nuclear weapon states (Novita, 2022). This will also be the first time in 50 years that the US has shared submarine technology, which was previously only shared with the UK. According to Patricia O'Brien, this partnership will strengthen Australia's military power, unite its allies, and create a global network of security agreements to combat China's massive and rapid global expansion. Moreover, through this alliance, Australia will play a more active role in maintaining the balance of power in the region.

The AUKUS for Australia is a military pact that greatly provides security to the country. Australia, which has fought with the US in every US War since World War I and has been a major supporter of the campaign, is one of the countries being considered for this alliance. Any ulterior motives beneath Australia's goal of developing nuclear-powered submarines cannot be separated from the ambitions and interests of the US in

restoring their hegemony in the region. As a result, it is the United States that has the most interest in the AUKUS trilateral alliance. From that, AUKUS is actually a strategy from the US to reduce China's influence by strengthening allies in the region, namely Australia. And by strengthening Australia's military, Australia can play a role as an offshore counterweight to the US as an effort to counterbalance China's power in the Indo-Pacific which is a priority foreign policy agenda of the US under the Biden administration.

Regional Comprehensive Economic Partnership (RCEP)

The Economic Partnership Trade Agreement, projected to be the largest economic agreement after the World Trade Organization (WTO), was approved and promoted under the name *Regional Comprehensive Economic Partnership* (RCEP). This agreement was virtually signed by the Ministers of Trade of RCEP member countries on November 15, 2020, involving 15 countries that have a similar vision and mission, namely the recovery of the global economy after the impact of the crisis caused by the COVID-19 pandemic. RCEP members consist of ASEAN countries as well as five ASEAN partners, namely China, South Korea, Japan, Australia, and New Zealand. RCEP is said to be a trade pact that is still relatively the largest in economic power compared to other trade pacts. The RCEP region represents approximately 30% of the world's population, 30% of the world's Gross Domestic Product (GDP), 27% of world trade, and 29% of world Foreign Direct Investment (Park & all, 2021).

Designed to be the world's second largest economic agreement after the WTO, RCEP's high trade value has led Australia to join this international cooperation with the intention of enhancing economic growth and integrity. The potential development of the RCEP Agreement is expected to provide significant opportunities for Australian businesses and consumers, which will support the country's economic growth to be higher. RCEP membership includes 9 of Australia's 13 major trading partners, and RCEP members' GDP earnings average USD 23.8 trillion, accounting for nearly 60 percent of Australia's total two-way trade and more than 65 percent of Australia's exports (Park & all, 2021). These facts suggest that Australia's membership in RCEP and the benefits it brings will support Australia's efforts to achieve greater stability in the country's financial sector.

With RCEP, Australian companies will benefit from greater international trade possibilities. Especially with the Australian Government supporting increased international trade within a strong free trade zone. . RCEP provides greater transparency and reduces trade barriers across Southeast Asia and the Indo-Pacific. The agreement also ensures commonality of guidelines and directives, thus simplifying operations across the region for Australian commercial operations and financiers. The RCEP free trade agreement will help encourage Australia to increase its export volume so that the export value and trade percentage will further increase (Park & all, 2021).

The entry of major countries such as China, Japan, India, and South Korea with the RCEP world trade agreement is of concern to the world and Australia, especially with China's entry into membership. This is a big step for Australia which shows that it is taking steps to get closer economically to China even though it is only in the term of international cooperation with other countries. Australia's joining RCEP shows that Australia is trying to take a neutral action regarding agreements related to the country's economy and development. Especially when the United States, which had wanted to enter into the Trans-Pacific Partnership (TPP) agreement in January 2017, was replaced by the RCEP major agreement relating to China and Australia.

Reciprocal Access Agreement (RAA)-Japan

If Australia previously focused on economic cooperation with the Chinese government and cooperation through RCEP, then another cooperation carried out by Australia to respond to various threats that might be carried out by China is to cooperate with Japan in the field of defense in the *Reciprocal Access Agreement* (RAA). Japan is a technologically advanced country with a good economy and military that attracts Australia to cooperate with Japan.

Basically, RAA is a defense cooperation carried out by Australia and Japan in the military field which aims to discuss military matters such as legal issues, security to facilitate mutual access, and ease of logistics that can be obtained by both parties. The RAA was first discussed in 2014 and reached an "*in-principle agreement*", where the agreement will be ratified in 2020 and then ratified on January 6, 2022. Specific measures in the RAA such as establishing a legal framework that allows for reciprocal visits of the two countries' armed forces for training and operations purposes. Australia becomes the

first country after the US whose armed forces are allowed to visit Japanese territory without a special invitation. Institutionalizing exchange visits will facilitate joint training and exercises, thereby enhancing their interoperability. It will also enhance the two countries' cooperation in humanitarian assistance and disaster relief operations (Hatakeyama, 2023).

In the process, the Japan-Australia RAA agreement was signed by both parties but through a unilateral meeting, where the meeting was attended directly by the Japanese Prime Minister, Fumio Kishida, and the Australian Prime Minister, Scott Morrison. The core of the RAA agreement then discusses three important aspects, namely, the placement of troops in each country, plans for joint military exercises and support provided for threats or disasters that occur in both countries. In terms of security, the RAA Agreement is used by Australia to improve the security of its country by conducting joint military exercises with the Japanese army. Military exercises will have an impact on the development of military strength and resources for each country. With the proper use of military resources during training, soldiers will be tested on how to deal with warfare and conduct military operations with certain strategies without real combat (Hatakeyama, 2023). The military training conducted under the RAA agreement will have a long-lasting impact on the participants and the country because it can eliminate the fear and anxiety in the troops about the dangers of war and will establish cohesiveness and actions to minimize risks.

Japan went down in history as the aggressor in the Second World War. After World War II, Japan adopted a policy of pacifism due to its defeat. The policy led to Japan no longer having an aggressive military, and the country's security was transferred to the responsibility of the United States. But under the Shinzo Abe administration in 2015, Japan's pacifism policy was changed to proactive pacifism with the passing of a law allowing Japan to engage in collective self-defense. The act allowed Japan to react militarily to any attack based on the Japanese government's interpretation of Japan as if it had been attacked. This is a radical change as it amends the Japanese constitution that has been in place for more than 60 years (Hatakeyama, 2023). Japan and Australia will form a security partnership that will be good for the country's military improvement, so that each country will always be ready for threats that can occur. Australia is also gaining a new security partner that can help the country's security.

Analysis of Australia's Hedging Strategy

Australia's hedging strategy focuses on developing cooperation that can be carried out with various parties that allow for improvements in the military, political and economic fields. Australia's hedging strategy in this case is also used to avoid situations that could threaten the rivalry between the US and China in the Indo-Pacific region in 2018-2022. Therefore, cooperation in defense pacts and free trade agreements Australia does both with the United States and China in the midst of this rivalry. Australia chose to do both *balancing* and *bandwagoning* strategies to the United States and China.

If seen in Australia's cooperation with countries in the world, it proves that the level of cooperation carried out by Australia continues to increase. Australia wants to keep up with the world, especially in the Indo-Pacific region with a complex and difficult level of world geopolitics. Moreover, the rivalry between the United States and China is increasingly peaking in the region which threatens Australia's security stability. Choice of hedging strategy by increasing cooperation with these major countries.

In the AUKUS Defense Pact, Australia is trying to carry out a *balancing strategy* by balancing its power from the power of China. The AUKUS defense pact became an important military agreement that Australia made with the United States and Britain. By making Australia host the implementation of this security cooperation, it provides a great guarantee for Australia's security in the midst of the US-China rivalry conflict. Especially with the threat Australia has received with China's statement that it is currently developing nuclear weapons, which will pose a threat to Australia because China is close to Australia.

The AUKUS defense pact will further support Australia's military development, where Australia is said to be one of the region's most advanced Defense Research and Development and Innovation hubs. Even specifically in this defense pact, the US provides access to some of Australia's specialized military forces that require specialized equipment. Even the addition of the UK as an ally in this fact would add to Australia's advantage. Moreover, in 1958, Congress passed a law that allowed the United States to share secret nuclear technology with the UK to develop nuclear warheads.

In addition, in taking *strategic balancing* measures, Australia sought to increase its military power with Japan through the RAA agreement. The RAA treaty is prepared to help Australia against possible threats and dangers coming from anywhere. Given that when the US-China rivalry continues to increase, it has a security effect on Australia, which is currently a security partner with the United States with the AUKUS, so the action to add the RAA defense pact with Japan is the right choice.

China's prowess not only in the economy but also militarily is a big alarm for Australia which can now threaten the sovereignty of the country. Australia's decision to carry out a *balancing* strategy with Japan is quite appropriate and can be a means to strengthen its military strength. RAA cooperation is an answer as well as preparations made by Australia for threats that can occur.

Australia's joining the RCEP trade agreement is an act of Australia's *bandwagoning strategy* in following the development of the world economy. RCEP currently provides great fortune for Australia, especially since Australia uses RCEP as a diplomatic policy in managing and positioning itself as the main actor in the economic development of its country. RCEP will encourage Australia's approach to the international world with a more transparent and open environment for Australian foreign investors. RCEP helps Australia's economic development by prioritizing two-way investment liberalization.

With the inclusion of two-way liberalization, the Australian government will get more foreign investors. It does not rule out the possibility of China becoming one of them, especially with China's position as a large country in this RCEP agreement. Australia's action to join RCEP shows that Australia still needs China for the country's economic development, even though in the field of security Australia is opposite to China. Australia's policy shows that Australia has a hedging strategy to achieve its national interests.

Australia's actions and desires in the AUKUS, RCEP, and RAA treaties show that Australia wants to develop security and economic cooperation that can support the stability of its country. Australia is trying to protect its country by entering the AUKUS defense pact, but also entering into the RCEP agreement where one of its partner members is China, given that Australia still sees China as a country that affects the world economy. Therefore, so that its intentions are not too visible to allies and opponents, Australia is

trying to develop its cooperation with other large countries in the economic field, namely Japan through the RAA.

Conclusion

Australia's national interests in the Indo-Pacific region encourage Australia to remain active in any political turmoil that occurs in the region, seen when Australia is in important agreements in the region such as AUKUS, RCEP, QUAD, Five Eyes and RAA. Australia's involvement also poses a security threat to the sovereignty of its country so that Australia focuses on securing its country from the threat of China by carrying out a Hedging strategy, where this strategy allows Australia to remain in military contact with the United States and China in the economic field. The hedging strategy used in this case uses cooperation with countries in the Indo-Pacific region to help Australia maintain its security stability. The hedging strategy in this cooperation is divided into actions for *Balancing* and *Bandwagoning*. The hedging strategy shows that Australia's *balancing* and *bandwagoning* cooperation tries to show that Australia does not choose between the United States and China so that Australia is *ambiguous* in making decisions and foreign policy. Australia does this to avoid future conflicts. The supporting suggestions related to the issues raised by the author are that Australia as a *Middle Power* country, can divide the focus on increasing national interests in other regions. Australia's hedging strategy can be developed with the cooperation of countries outside the Indo-Pacific region. In the end, Australia's hedging strategy can be further implemented so that Australia's intention in acting *ambiguously* in the midst of the two US-China powers can help Australia maintain the security stability of its country.

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