

Changes and Implications of Australia's Foreign and Defense Policy

A View from Indonesia

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Abstract

Over the past three years, Australia has shifted its foreign and defense policy in the Indo-Pacific region from a liberal engagement approach to a more ambitious neorealist stance, significantly increasing its interaction with the United States. Despite these changes, Australia remains economically dependent on China. This article analyzes the evolution of Australian foreign and defense policies and forecasts future developments. It also explores the implications for Indonesia, Australia's closest neighbor and strategic partner, and offers policy recommendations for Indonesia to manage its bilateral security relations with Australia. Using qualitative research based on a literature review, the article argues that Australia's geostrategic circumstances and historical factors necessitate a refinement of Canberra's foreign and defense policy. Consequently, Australia is poised to emerge as a rising power, increasingly reliant on the United States while also strengthening partnerships with Indonesia and the Association of Southeast Asian Nations as part of its broader Indo-Pacific strategy.

Australia, Indonesia's closest neighbor and strategic partner, is undergoing a significant shift in its international profile, moving from a friendly posture to one marked by uncertainty. This transformation was starkly highlighted on 15 September 2021, when Australia signed the AUKUS cooperation agreement with the United Kingdom and the United States. Just days before, from 8–10 September 2021, Australian Foreign Minister Marise Payne and Defence Minister Peter Dutton visited Jakarta for a 2+2 bilateral meeting to discuss cooperation on terrorism, peacekeeping, cybersecurity, and humanitarian assistance and disaster relief.¹

The formation of AUKUS has raised concerns among Indonesia and its regional neighbors. The Indonesian Ministry of Foreign Affairs expressed its apprehension

¹ "Indonesia Tuan Rumah Pertemuan 2 + 2 RI-Australia ke-7" (press release, Ministry of Foreign Affairs, Indonesia, 8 September 2021), <https://kemlu.go.id/>.

and committed to closely monitoring AUKUS's progress.² In an official statement, the Ministry stressed the importance of Australia's adherence to nuclear nonproliferation and its commitment to regional peace, stability, and security under the Treaty of Amity and Cooperation. Dialogue remains essential for Indonesia to support Australia and other countries in peacefully resolving disputes. The establishment of this trilateral military alliance, though not entirely surprising given historical Western military alliance patterns in Asia, signals a significant strategic shift.³

While scholars and the public focus on the potential security dilemmas and arms races resulting from AUKUS, they often overlook the broader implications. Australia's defense and foreign policy changes align with its strategic frameworks, making future predictions feasible. Key documents such as the *2016 Defence White Paper*, the *2020 National Defence Strategy*, the *2023 Strategic Review*, and the *2017 Foreign Policy White Paper* provide the foundation for these policy changes.

Many scholars debate Australia's approach in the Indo-Pacific, with most arguing that its foreign policy toward China remains ambiguous.⁴ However, few have examined the implications of Australia's shifting foreign and defense policies from the perspectives of its neighbors, such as Indonesia, its closest neighbor.

Foreign and defense policies aim to pursue national interests. Although these interests and goals are formulated through domestic political processes, they are also influenced by the external environment. This environment is dynamic and difficult to manage due to the prevalence of power politics in the anarchic international system.

In an anarchic international system, as outlined by Kenneth Waltz, no supreme authority exists to enforce norms and preserve order. As Mearsheimer argued, the international system is ruthless and will remain so. As a result, each state must rely on its own resources for survival and security. When all states seek security for their national interest, competition among them becomes unavoidable. States respond to changes made by other states through hedging, balancing, or bandwagoning.⁵

From a regional dynamics perspective, certain states can survive through coalitions and alliances. Forming coalitions and alliances can help maintain the balance of power and deter potential threats. However, neorealists argue that such collaborations have limitations and are often ineffective. Because each state is

² "Pernyataan mengenai Kapal Selam Nuklir Australia" (press release, Ministry of Foreign Affairs, Indonesia, 17 September 2021), <https://kemlu.go.id/>.

³ Arif Havas Oegroseno, "Kita dan AUKUS," *Kompas.id*, 30 September 2021, <https://www.kompas.id/>.

⁴ Petrus K. Farneubun, "China's Rise and its Implications for Australian Foreign Policy," *Papua Journal of Diplomacy and International Relations* 2, no. 2 (2022), 142–62, <https://doi.org/>.

⁵ Gustav Meibauer, "Neorealism, neoclassical realism and the problem(s) of history," *International Relations* 37, no. 2 (June 2023): 348–69, <https://doi.org/>.

different, neorealists believe that increasing security can lead to a security dilemma. Efforts to enhance security can be perceived as threats by other states, potentially escalating tensions.

This article employs qualitative research methods using an inductive approach. The analysis is based on empirical data collected from foreign and defense policy documents, official government records, and relevant literature.

The article is divided into three main sections. First, it examines how changes in Australian foreign and defense policies have occurred and might unfold in the near future. Second, it explores how these changes could affect Indonesia, Australia's closest neighbor and strategic partner. Third, it offers policy recommendations for Indonesia to manage its bilateral security relations with Australia.

Shifts from Forward Defense to Lean More to the United States

Australian foreign and defense policy manifests through its engagement with the external environment, contributing to regional security stability and demonstrating international engagement.

From around 1995 to 2007, Australian foreign policy was characterized by its role as a good state with benevolent intentions toward other countries, often acting as a donor nation. For example, Australia provided development and humanitarian assistance to various countries, including those in the Middle East. Notably, Australian aid to Palestine increased dramatically in 2007, with contributions rising from under AUD 20 million between 1995 and 2005 to nearly AUD 42 million in 2007–2008. From a constructivist perspective, Australia is seen as a country upholding international humanitarian norms.⁶

Recently, however, Australia has revealed a more aggressive identity. The development of the AUKUS trilateral cooperation with the United States and the United Kingdom has significantly impacted this perception. According to constructivist theory, Australia is developing a new identity as a strategic ally, with the potential to destabilize the regional status quo, undermine existing cooperation agreements, erode trust among longstanding partners, and provoke an arms race.⁷

Australia's foreign policy increasingly focuses on the Indo-Pacific, shaped by two primary factors: its traditional alliance with the US and China's economic and military dominance. These concerns have led Australia to adopt a policy stance

⁶ Irza Khurun'in, "Perspektif Konstruktivisme dalam Bantuan Luar Negeri Australia ke Otoritas Palestina," *Jurnal Transformasi Global* 2, no. 1 (2015), 111, <https://doi.org/>.

⁷ Johni R.V. Korwa and Meyland S.F. Wambrau, "A Constructivist Analysis of the Establishment of the AUKUS Security Pact and its Implications for Regional Stability in the Indo-Pacific," *Jurnal Hubungan Internasional* 16, no. 1 (2023): 19–35, <https://doi.org/>.

based on three pillars: viewing the US as a close ally, perceiving China as a threat and competitor, and asserting itself as a middle power.⁸

In defense policy, Australia has recently shown a tendency to follow the approach of the Hawke government (1983–1996). During this period, Australia moved away from forward defense, which involved sending troops to fight adversaries abroad, and adopted a continental defense strategy, focusing on protecting its continent and surrounding areas without significant involvement in foreign wars. This shift indicates a drive toward greater independence while moving away from pure continental defense.

The government has introduced a strategy of “defense in depth” by advocating for “defense self-reliance within an alliance.” Concurrently, Australia has sought to strengthen its ties with the Southeast Asian region.⁹ This shift supports the claim that the forward defense doctrine has not enhanced Australia’s happiness or security. Furthermore, China presents a dilemma for Australia.

On one hand, China is a valuable trading partner. On the other, it poses a potential military threat to the United States, Australia’s ally. Australia will continue to hedge its bets and rely on US protection.¹⁰ Although Australia’s response to China’s rise may be uncertain, there is a significant struggle for geopolitical influence. As a traditional actor in the Pacific Islands, Australia faces stiff competition from China. The competition between Australia and China for geopolitical influence in the Pacific Islands will be striking, given Australia’s established presence and China’s growing ambitions in the region.¹¹

How have changes in Australian foreign and defense policies occurred? Does Australia still adhere to the doctrines of forward defense and continental defense? This article argues that the establishment of AUKUS justifies the changes in Australia’s foreign and defense policies. Australia is now primarily focused on continental defense, specifically defending its own territory. Consequently, Australia’s focus on increasing military power, including the development of nuclear submarines under AUKUS, is unsurprising.

Washington is content with Australia’s evolving policy, as it demonstrates increasing alignment between the two allies. The United States and Australia share a long history of cooperation in numerous conflicts, from World War I to the

⁸ Madhusudhan. B, “Australian Middle Power Ambitions and Dilemmas,” in *The New World Politics of the Indo-Pacific*, ed. Josukutty C.A. & Joyce Sabina Lobo (New York: Routledge, 2024), 148–64.

⁹ Stewart Firth, *Australia in International Politics: An Introduction to Australian Foreign Policy* (New York: Routledge, 2020).

¹⁰ Farneubun, “China’s Rise and Its Implications.”

¹¹ Meg Keen and Alan Tidwell, “Geopolitics in the Pacific Islands: Playing for advantage,” Lowy Institute, 31 January 2024, <https://www.lowyinstitute.org/>.

present. They share a wide range of common security interests, including the promotion of democratic values and the security challenges posed by terrorists. The freedom of navigation in the South China Sea is a mutual interest for both nations.¹² Despite its development as a rising power, Australia will continue to depend on the United States.

This article contends that in the near future, Australia will continue to lean more toward the United States while maintaining an ambivalent stance toward China. This does not imply weakness but rather reflects the influence of the international system on Australia's strategic choices. Given the anarchic international order, Australia will proactively create and sustain defense ties.

Following the Melbourne Declaration, Australia will engage more deeply in creating and maintaining defense links with the Association of Southeast Asian Nations (ASEAN). Signed on 6 March 2024, by ASEAN member states and Australia to commemorate the fiftieth anniversary of ASEAN–China Dialogue Relations, the Declaration aims to strengthen cooperation in line with the ASEAN Outlook on Indo-Pacific (AOIP). It underscores the importance of engaging in the Indo-Pacific through forums such as the Pacific Islands Forum (PIF) and the Indian Ocean Rim Association (IORA).¹³

Australia's current and near-future foreign and defense policies are likely to remain consistent. The metaphor “old wine in a new bottle” aptly illustrates Australia's policies. Australia will continue to align closely with the United States as a faithful ally and enhance cooperation with the United Kingdom under AUKUS.

According to the recent *2024 National Defence Strategy (NDS)* and the 2024 Integrated Investment Program (IIP), Australia's defense capability development focuses on long-range strike systems. The IIP includes investments in long-range strike capabilities for the Navy, Army, and Air Force. Key components of these systems are missile systems such as Tomahawk Cruise Missiles, AGM-158C Long-Range Anti-Ship Missiles (LRASM), and JASSM-ER (Joint Air-to-Surface Standoff Missile-Extended Range), as well as submarine capabilities including nuclear-powered submarines, unmanned systems and drones, and air force enhancements with the introduction of the F-35A Lightning II and the acquisition of advanced bombers or long-range strike aircraft. Additionally, cyber and electronic warfare capabilities are a significant focus. This strategy reflects Australia's commitment to deterring potential threats and strengthening its strategic deterrence in the

¹² “The United States–Australia Relationship” (fact sheet, US Department of State, 27 July 2023), <https://www.state.gov/>.

¹³ “The Melbourne Declaration—a partnership for the future” (joint statement, Prime Minister of Australia, 6 March 2024), <https://www.pm.gov.au/>.

Indo-Pacific.¹⁴ It also demonstrates the continued importance of defense innovation, science, and technology in bolstering Australia's defense capabilities.¹⁵

Furthermore, Australia will expand its regional engagement to encompass the entire Indo-Pacific area, rather than focusing solely on Southeast Asia. In the past, the threat of global terrorism drove Australia to strengthen ties with its regional neighbors. Now, the impetus for engagement arises from the international system, leaving Australia with few alternatives.

Australia's old wine is its continental defense principle, while the new bottle represents its broader involvement and defense linkages through AUKUS and its engagement with the Indo-Pacific. Australia has never stood alone and will not do so in the foreseeable future.

Neorealists argue that AUKUS is a strategic response by Western countries to China's growing power and influence in the Indo-Pacific. This trilateral defense agreement embodies the concept of balance, with governments forming coalitions to counter perceived threats from rising powers. AUKUS enhances military cooperation and strengthens deterrence capabilities in a region characterized by rising tensions and power rivalry. Neorealists see this alliance as a rational choice by member states to protect their security interests against a common adversary, highlighting the importance of power dynamics and security considerations in Indo-Pacific international relations.

Constructivists, on the other hand, emphasize the role of social constructs, identities, principles, and norms in shaping state behavior. They would view AUKUS not only as a counterbalance to China but also as a representation of shared values and beliefs among the three Western democracies. The alliance prioritizes democratic ideals, common security concerns, and a commitment to preserving a rules-based regional international order. From this perspective, AUKUS represents a collective identity among Australia, the United Kingdom, and the United States, shaped by shared ideologies. Constructivists might also examine how AUKUS could influence regional norms and views, encouraging collaboration among like-minded nations and promoting a security narrative that upholds democratic principles.

¹⁴ 2024 *National Defence Strategy* (Canberra: Ministry of Defence, 2024), <https://www.defence.gov.au/>.

¹⁵ 2024 *Integrated Investment Program* (Canberra: Ministry of Defence, 2024), <https://www.defence.gov.au/>.

The Two Key Implications for Indonesia

Based on the present and immediate future of Australian foreign and defense policy, there are two key implications for Indonesia, Australia's closest neighbor and strategic partner.

The China Factor in the Australia's Hedging Policy

While Australia maintains an ambivalent stance toward China, this does not mean the China factor should be overlooked. Australia's uncertain position has led to unfriendly actions toward China, signaling anxiety and confusion not only to China but to the world at large.¹⁶

As a partner and neighbor, Indonesia should recognize the complex role of the China factor in Australia's hedging policy. Indonesia's independent and active foreign policy might lead it to cooperate with China without reservations, potentially creating the perception that Indonesia supports China in the context of the US–China rivalry. This misunderstanding should be avoided to ensure healthy Australia–Indonesia bilateral relations.

The ASEAN Factor in Australia's Regional Engagement

Australia's regional engagement, particularly with ASEAN, has been a cornerstone of its foreign policy. The partnership between ASEAN and Australia, established for more than 50 years, continues to thrive, driven by strong people-to-people ties, addressing common global concerns, ensuring long-term progress and prosperity, and maintaining peace and security.¹⁷ (Albanese, 2024). During the Melbourne meeting, Australia expressed solidarity with the Philippines over Scarborough Shoal and pledged strong cooperation with Hanoi, aiming for a comprehensive strategic partnership.

However, despite this longstanding relationship, ASEAN has not ranked Australia as its number-one partner. The United States and China remain ASEAN's closest partners. Meanwhile, Australia also does not prioritize ASEAN as its top partner, with China holding that position. Therefore, while Australia's economic influence in the region may be limited, it holds a significant advantage in defense capabilities.¹⁸

Australia and ASEAN's commitment to advancing the ASEAN connectivity agenda, as stated in the Melbourne Declaration, indicates a deeper level of regional

¹⁶ Farneubun, "China's Rise and Its Implications."

¹⁷ "Joint Statement ASEAN-Australia Leaders' Vision Statement—partners for peace and prosperity" (joint statement, Prime Minister of Australia, 6 March 2024), <https://www.pm.gov.au/>.

¹⁸ Anthony Milner and Ron Huisken "Australia's push for closer ties with ASEAN is good strategy but complicated," *The Strategist*, 22 November 2022, <https://www.aspistrategist.org.au/>.

engagement. This commitment could create opportunities for expanding Indonesia–Australia bilateral relations as trust between the two grows.

However, Australia and Indonesia, as middle powers, behave differently. According to government documents, Australia favors a status quo/Lockean attitude, while Indonesia favors reformism/Kantianism. Australia’s status quo/Lockean attitude is evident in its efforts to maintain regional stability through the US-led liberal rules-based international order, emphasizing alliance, balance, competition, and rivalry. Conversely, Indonesia seeks to transform the region through cooperation, soft power, multilateralism, interdependency, and diplomacy.¹⁹ (Harijanto, 2024). Given these differing approaches, it is critical to maintain an open forum for dialogue while also building trust between the two nations.

Policy Recommendation for Indonesia in Managing Bilateral Security Relations with Australia

Two major policy recommendations for Indonesia–Australia relations emerge from the study of the evolution of Australia’s defense and foreign policy.

Adapt to Australia’s Evolving Profile

As Australia’s profile shifts from a friendly to a more uncertain neighbor, Indonesia must assess the impact on bilateral relations. Continuous monitoring of AUKUS’s progress is essential to understand its effects on Indonesia–Australia relations. Enhancing dialogue will help mitigate misperceptions between the two nations, and strengthening bilateral relations is crucial to maintaining the regional balance of power. Examples of enhanced collaboration include:

- greater cooperative military exercises;
- intelligence sharing; and
- capacity-building programs.

Indonesia’s relationship with Australia should be demonstrated through cooperation to promote maritime security. The joint military exercises of Elang AUSINDO, initiated in 2023 between the Royal Australian Air Force and the Indonesian Air Force, serve as an excellent example of increasing confidence-building measures. Future bilateral military exercises should be more in-depth and comprehensive.

¹⁹ Christian Harijanto, “Middle-power behaviours: Australia’s status-quoist/Lockean and Indonesia’s reformist/Kantian approaches to crises of legitimacy in the Indo-Pacific,” *Australian Journal of International Affairs* 78, no. 1 (2024): 40–57, <https://doi.org/>.

Strengthen ASEAN–Australia Relations

Improving Indonesia's bilateral relations with Australia should be coupled with fostering constructive ASEAN–Australia relations. As ASEAN's leader, Indonesia plays a crucial role in guiding the expansion of cooperation between ASEAN and Australia. Indonesia must support Australia's role in regional development through the ASEAN–Australia Cooperation Framework. Enhanced connectivity and capacity-building efforts between ASEAN and Australia will likely promote regional stability. Collaborative strategies could include:

- cooperation with regional navies and coast guards to address maritime concerns such as illicit activities, maritime disputes, and piracy; and
- broadening economic relations with ASEAN and other Indo-Pacific countries, reducing the overreliance on economic ties with China.

By adopting these recommendations, Indonesia can help ensure a balanced and stable regional environment while fostering strong, cooperative ties with Australia.

Conclusion

Current changes in Australian foreign and defense policies have been identified, and it is likely these changes will persist. Australia's geostrategic circumstances and historical factors, particularly its partnership with the United States, necessitate a refinement of its foreign and defense policies. There has been a shift away from forward defense toward closer alignment with the United States.

Australia is on a path to becoming even stronger allies with the United States, reinforcing its position as a rising regional power. This is particularly evident with increased cooperation through AUKUS with the United States and the United Kingdom. Furthermore, Australia will broaden its regional participation to include the Indo-Pacific, rather than focusing solely on Southeast Asia.

These changes in Australian foreign and defense policies have significant implications for Indonesia, its closest neighbor and strategic partner. The China factor in Australia's hedging policy and the ASEAN factor in Australia's regional engagement both require careful consideration. Addressing these implications is crucial to avoiding misperceptions in Indonesia–Australia bilateral ties.

In conclusion, the evolution of Australia's foreign and defense policies reflects its strategic necessity to adapt to a dynamic and often volatile international landscape. By aligning more closely with the United States and engaging comprehensively with the Indo-Pacific region, Australia is positioning itself as a formidable regional power. This strategic realignment, while beneficial for Australia's security, presents both challenges and opportunities for Indonesia.

For Indonesia, understanding the nuances of Australia's hedging policy toward China and its regional engagements through ASEAN is crucial. By proactively addressing potential misperceptions and fostering deeper bilateral cooperation, Indonesia can strengthen its strategic partnership with Australia. This will not only enhance regional stability but also promote mutual interests in maintaining a rules-based international order.

The policy recommendations outlined emphasize the need for continuous dialogue, enhanced military cooperation, and robust ASEAN–Australia relations. As both nations navigate the complexities of regional geopolitics, their collaboration will be vital in shaping a secure and prosperous Indo-Pacific future. 🌐

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