

KANGAROO CONCERNS ABOUT SWIMMING DRAGON AMBITIONS

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Introduction

China introduced a third aircraft carrier into its naval force on June 17, 2022. The carrier is named *Fujian*. It is the most significant and recent addition to the People's Liberation Army Navy (Sharma 2023). Though the organization of PLAN was founded in 1949, its build up over the years has been a steady journey. But in recent years its modernization has been boosted. The previous and contemporary decade has seen many improvements in China's navy. It has launched aircraft carriers, invested in submarines and in the state of the art naval warships. Today China's navy has the largest number of ships (Bahtić 2021) in the world. Modernization of the current Chinese Navy dates back to the 1990s (Li 2009).

During the Cold War China had a small navy which was up to securing its cost lines only. To better define it, it was a coastal navy. But with the passage of time, China's navy scope expanded from securing its coast lines to the near seas active defense and later on it encompassed near and far seas operations in its naval strategy. China has expanded the role and capabilities of its navy to secure its interests in East Asia and beyond. The 2015 Chinese Defense White paper assigns the navy with offshore waters defense including open seas protection (China's Military Strategy 2015).

As Chinese interests are increasing in the open seas this study makes an effort to identify the implications of China's naval modernization on Australia. As the International system lacks an authority to regulate the actions of states, every state therefore has to look after its security by its own

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(Waltz 1979). The actions of a state definitely have implications for other states in the region and even beyond its immediate neighbors. A country like China whose interests are expanded throughout the Indo-Pacific region, its actions can impact any country within this region. Australia in recent years has increased its military spendings and made new defense agreements to enhance its security. This study explores if there is any link between China's naval modernization and an increase in Canberra's military spending and defense agreements. Australia has been chosen because there is little availability of studies regarding this region and its reactions facing Chinese naval modernization as most of the scholars focus on East Asia or the Indian Ocean region.

Australia has one of the world's longest coastlines. Its continental shelf ranks second in the world. The country has the world's third-largest Exclusive Economic Zone (Bateman and Bergin 2009). More than 95 percent of Australia's overseas trade is transported by sea (Royal Australian Navy 2000). Fiber optic undersea cables carry almost 99 percent of the data traffic that passes through communications networks to Australia (Australian Communications and Media Authority 2007). Despite its tiny size in comparison to other countries, Australia's fishing industry contributes more than \$50 billion to the national economy each year (CSIRO1988). Moreover, almost 85 percent of the Australian citizens live within an hour of the coastline (Kaye 2020). Australia is interested in the Indian Ocean, Southern, and Pacific Oceans from a maritime security perspective. Protecting its vast maritime resources, safeguarding the security of the Sea Lines of Communication (SLOCs), and ensuring the sovereignty of its offshore territories are among its top maritime priorities (Bateman and Bergin 2009). The Indo-Pacific security environment has direct impacts on the national interest of Australia. Therefore, Canberra considers that bolstering a favorable alliance for the balance in the region is timely. Due to the changing security environment Australia has embarked on the path of military modernization and reinforcing alliances in order to strengthen its security. Before looking into how China's naval modernization has implications for Australia, it is pertinent to know Australian Defense Strategic Interests.

Australian Defense Strategic Interests

According to the Australian Defense White Paper, Australia's primary *defense strategic interest* is to make Australia secure and resilient. It entails that Canberra is safe from invasion or the fear of invasion or any coercion

where it has complete control over territories and borders of the country. Geographically it extends to the country's *northern approaches*, *EEZ*, as well as *offshore territories* that include the Southern Ocean and territories in Antarctica (DWP 2016).

The second defense strategic Interest of Australia is to secure its nearer region. The security of the country cannot be guaranteed if its neighborhood which includes 'Timor-Leste', 'Papua New Guinea', and 'Pacific Island Countries' become a source of threat to it. This also entails the possibility of a military power from other region attempting to exert influence in ways that could jeopardize the security of Australian maritime approaches. Instability or violence in Southeast Asia would jeopardize Australia's security as well as its crucial and expanding economic ties in the region. Because Australia relies on maritime trade with and through Southeast Asia. The security of Australian maritime approaches, energy supplies, and trade routes within Southeast Asia, as well as freedom of navigation, which allows for the free flow of trade in international waters, must be protected (DWP 2016).

Australia's third defense strategic interest is to maintain stability in the 'Indo-Pacific region' and also to safeguard the contemporary *global order* which supports its interests. According to the Australian DWP 2016 "Indo-Pacific includes North Asia, the South China Sea and the extensive sea lines of communication in the Indian and Pacific Oceans that support Australian trade". Stability in the so-called '*rules-based order*' is vital to ensure Canberra's access to a secure, open and free trade while also reducing the risk of instability and coercion, both of which can directly damage Australia's interests. This allows Australia to deal with problems before they become existential threats, and it allows unrestricted access to maritime routes, and transportation to support Canberra's economic progress (DWP 2016).

To ensure the defense of the country, the Australian government has set relevant defense objectives. According to the Australian DWP defense objectives are as follows:

"Deter, deny and defeat attacks on or threats to Australia and its national interests, and Northern approaches; Make effective military contributions to support the security of maritime Southeast Asia and support the governments of Papua New Guinea, Timor-Leste and of Pacific Island Countries to build and strengthen their security; Contribute military capabilities to coalition operations that support Australia's interests in a rules-based global order" (DWP 2016).

The above defense strategic interests of Australia outlined are primarily

giving a sense of concentric circles of security for Australia. The first circle consists of securing the mainland of Australia, its territorial integrity, and sovereignty. The second circle entails the stability in Australia's immediate neighborhood including the governments of '*Papua New Guinea, Timor-Leste, and Pacific Island Countries*', and maritime Southeast Asia. Lastly, the security and stability of the '*Indo-Pacific*' region and the global '*rules-based order*' form the third circle of security for Australia. Some even have suggested the island chain concept for security in Australia.

In a recent essay, published in the *Australian Defense Business Review*, Brian Weston emphasized the importance of the first island chain in building an effective defense and deterrent policy for the country. Weston argues that Australia's 'first island chain' could be defined "as stretching from Sri Lanka, along the Indonesian archipelago from Sumatra and Java to Irian Jaya, through Papua New Guinea and the Solomon Islands, and on to Vanuatu and Fiji" (Weston 2020). These concepts are emerging within the Australian defense and strategic community because of the China threat. Specifically, China's naval modernization is perceived as a threat that could not be destabilizing in Southeast Asia only but for the wider '*Indo-Pacific*' region and the global '*rules-based order*'. Also, the operational scope of PLAN is being expanded to include far seas operations officially, this has alarmed the policymakers in Canberra who are worried about securing their own defense strategic interests.

So, on the one hand, China is formulating its naval strategy while expanding the operational scope of its navy, on the other, there is increased emphasis on the island chain concept for security in Australia. This will, in turn, definitely be resulting in a clash of island chains if not in the near future but in the long run. Other than this, Australian defense strategic interests are impacted by China's naval modernization directly or indirectly.

China's Island Chains vs Australia Concentric Circles for Security

With the introduction of open seas protection along with near seas, *active defense* expands PLAN's operational range and scope (China's Military Strategy 2015). This operational expansion can be threatening from an Australian security perspective. Though the concept of '*far seas operations*' has been known since the 1990s in studies of Chinese naval modernization, this was officially not present in any Chinese defense papers released by Beijing until 2015.

Liu Hauqing promoted that People's Liberation Army Navy will operate in

China's near seas or the maritime area also known as the first island chain and its surroundings for some years to come. Also, he suggested that Chinese naval power will increase with the expansion of the country's economy and advancement in technology. As a result, the PLAN will be able to expand its operations from the first to *second island chain*. When the PLAN becomes capable of effectively operating outside the 'second island chain', it will make it a regional '*blue water navy*'.

Figure 1: Australia First Island Chain



Source: Robbin Laird, "Feature – ON TARGET: AUSTRALIA'S 'FIRST

ISLAND CHAIN' – PART 1" Australian Defense Business Review. (<https://adbr.com.au/on-target-australias-first-island-chain/>).

Figure 2: China's existing and proposed Island Chains for Security



Source: "4th and 5th Island Chain JPEG", Asia Maritime Transparency Initiative- CSIS. (<https://amti.csis.org/chinas-reach-grown-island-chains/4th-and-5th-island-chain-jpeg/>).

In 2015 DWP, China clearly mentioned that PLAN is now assigned to safeguard offshore waters defense including open seas protection (China's Military Strategy 2015). Today China has a stronghold in its near seas. Its anti-access and area denial A2AD capabilities are so strong that it has created serious challenges for the most technologically advanced and powerful navy like the US Navy (USN) in 'first island chain'. So, in the coming decades, China could possibly strengthen its navy to effectively control the first as well as 'second island chain'. Even the above figure shows where some analysts perceive that a third island chain is already existing in Chinese strategic thinking. In future China is going to expand the operational scope of its navy to the third, fourth, and even fifth islands in order to further its economic and military interests. If the swimming dragon (PLAN) becomes ferocious or expands its territory in the coming years in the waters of the Indo-Pacific it will increase the concerns of Canberra. The control over waters of the Indo-Pacific by the

dragon will diminish the freedom of the Kangaroo in these waters.

Australia is a country not so concerned about foreign incursion as it lies at great length from other continents. There is no power within its immediate neighborhood which can create any security problems for it. But China's naval modernization is a threat for Australian security in the sense that with the expansion of the operational range of the PLA navy, Australian strategic interests are challenged.

Australia has its own concept of concentric circles for security. The Indo-Pacific arc and the Melanesian arc are of immense importance to Australia for maintaining stability in its region. The above two figures clearly show how Chinese naval expansion can be consequential for Australia and its strategic objectives. China's naval expansion in terms of range and capabilities can be detrimental in the long term if not in the short term. Because when PLAN expands its operational range in the future it will impact the operations of the Royal Australian Navy. Even today Chinese naval vessels are witnessed near Australian borders which are suspected of intelligence gathering by some analysts. PLAN is also increasing its influence in Pacific Island countries through naval visits. These activities by PLAN are viewed in Australia with wary eyes.

Australia on a Crossroad

Chinese naval modernization and increased assertiveness in the South China Sea (SCS) created a dilemma for Australia either to choose between its long trading partner (China) or its strongest security ally (the United States). Australia has long-standing trade relations with China. Australia exports a large amount of Iron Ore and Coal to China which significantly contributes to its gross domestic product (GDP). But, the US, on the other hand, is of great significance to Australia for its security and strategic interests. Recent years have revealed that Australia has now chosen to permanently side with the US to safeguard the existing rules-based global order, as this order suits Australian strategic interests. Any challenge to the contemporary rules-based order is considered a challenge to Australian strategic and security interests in Canberra. Today, Australia perceives Chinese military modernization and specifically naval modernization as posing serious challenges to the security architecture in East Asia and the global rules-based order. Australia is concerned about the security of its Northern approaches and trade routes. Conflict or any destabilizing actions in its immediate neighborhood (for instance Southeast Asia and South Pacific) is considered detrimental to Australian security and

strategic interests by policymakers and the strategic community in Canberra. So, a peaceful South China Sea is of immense significance to Canberra because it is the region from which passes Australia's extensive shipping trade with East Asia.

Dr. Andrew Carr from *Australian National University* (ANU) told in an interview to the author that China's naval modernization's implications for Australia are threefold (Carr 2022)³.

1. "China is increasing its ability to project influence into Southeast Asia/ the South Pacific. This means more work for Australia to identify and track Chinese vessels. The potential for problems to emerge from this increased presence is still low but growing. This simply complicates issues".
2. "China may decide to change its purpose in Southeast Asia and the South Pacific. The great Australian fear has always been that an adversary would establish a naval base within the South Pacific. The Australian continent is too large to meaningfully invade or harm without such a supply base nearby. Hence, if the Oceania region is free of adversarial bases, then the Australian continent is secure. China as yet does not seem to be seeking to establish such a facility, though rumors have emerged in recent years and the Australian government has been quick to show its concern (both towards Beijing, but also to the South Pacific countries to discourage such behavior)".
3. "Finally, the expansion of the Chinese navy has implications for the power balance with the United States. This may change both regional relations, as well as conflict outcomes. This is not something Australia can meaningfully influence, but it is important for Australian security overall".

From Andrew's points, one can deduce that Australia is concerned about PLAN's increasing influence in Southeast Asia and the South Pacific in the first place. And with the passage of time PLAN's influence will increase in the South Pacific which is a major source of concern for Australia. He also showed concerns about potential Chinese naval bases in the region. There were media speculations about a Chinese naval base in Vanuatu, an island country in the South Pacific (Panda 2018). Such development can directly

³ An email interview with Dr Andrew Carr, a senior lecturer at *Strategic and Defense Studies Centre, Australian National University*, Jan 11, 2022. He can be reached at: andrew.carr@anu.edu.au.

impact Australian security. While responding to the question about the Chinese naval base in the South Pacific he said that “It may be thought of as a pre-emptive strike, an attempt to make clear and forestall a threat rather than a direct indication one was about to emerge”. He mentioned that “concern about an adversary with a major supply base in the South Pacific is a 150+ year concern for Australians, so it is something to be watched very closely” (Carr 2022)⁴.

Other than this, Australia is concerned about the changing balance of power in the region. Australia has greatly relied on the US for its security. The rise of China and its subsequent military modernization is gradually pushing the US out of the region. Therefore, the Australian defense community is deeply concerned about this development in the region. They consider China a revisionist power that is up to changing the status quo. The contemporary international rules-based order has greatly served Australian interests that’s why they are worried that if the status quo is changed in favor of China it will hurt Australian interests.

PLAN’s Long-term Goals and Australian Threat Perception

Tom Shugart argues that China established a timeline with three broad goals for its navy. First, to develop sufficient forces for exerting control over the sea regions within the ‘*First Island Chain*’ by 2000. Secondly, extending control out to the ‘*Second Island Chain*’ by 2020 (Shugart 2021). And lastly developing a global navy by 2050. He further argues that China’s DWP 2015 specifically highlighted defense of its overseas interests and strategic SLOCs as aims, to be attained by the added mission of “*open seas protection*”. According to the author this signals China’s desire of projecting maritime power wherever it wants. He also quotes the former chief of PLAN Admiral Wu Shengli, who said in 2017 “wherever the scope of the nation’s interests extends, that is where the perimeter of our combat development will reach” (Shugart 2021).

Tom Shugart further explains that China’s desire may be dismissed as inconsequential considering China lacks the capabilities to do so. But China has motivation, as well as industrial might to fulfill its words (Shugart 2021). From Shugart’s analysis, one can infer that China is up to building a global navy. Though it seems an uphill task, China has the resources as well as the resolve to become a global navy. A global Chinese navy means PLAN’s vessels

⁴ Interview with Dr. Andrew Carr.

operating everywhere in the ocean. Former chief of the PLAN, Admiral Wu Shengli statement is the manifestation of this argument that the PLAN will try to safeguard its interests anywhere in the oceans.

Though these look like simple statements they represent a lot of the Chinese ambitions of controlling critical sea lanes of communications. From an Australian security perspective, any future scenario where China is controlling critical sea lanes of communications is consequential for their economic and defense strategic interests. So, a global PLAN aiming at controlling critical SLOCs is perceived in Australia as consequential for its security and economic interests. Chinese actions are perceived in many countries in the Indo-Pacific as hegemonic. Specifically, countries like Australia which is a strong US ally in the region would not be happy accepting any Chinese assertive and hegemonic behavior.

Lack of Transparency and Uncertainty Associated with China's Military Modernization

China's rise as an economic power significantly added to its military modernization drive. Due to increased military spending by China, its neighbors are worried about the former's intentions. They are concerned that China's military spending lacks transparency. In this anarchical world the uncertainty associated with it increases the problems of its neighbors. Adam P. Liff and the co-author claim in their manuscript that there is "widespread uncertainty about China's intentions given the confusing doctrine of the People's Liberation Army (PLA) and Beijing's relatively low transparency concerning its military affairs and policy decision making" (Liff and Ikenberry 2014). They further worry that "China's relative lack of military transparency appears to exacerbate widespread concerns about its rapidly advancing capabilities and intentions" (Liff and Ikenberry 2014). This situation in turn has created a kind of security dilemma not only for its immediate neighbors but also for Australia which is worried about increased military spending by Beijing. No country would ever trust or would be certain of any action of other states in this anarchical world. Therefore, states like Australia who are worried about their security, are searching for the enhancement of their own capabilities through the modernization of their own forces or through establishing alliances with like-minded states.

China's Assertiveness in the South China Sea: An Australian

Perspective

China has actively claimed much of the SCS as its sovereign territory. This claim by China includes some territory within Vietnam, the Philippines, Malaysia, and Indonesia's 200-mile exclusive economic zones (EEZs). The rising power has been threatening the US military's intelligence, surveillance, and reconnaissance (ISR) in China's EEZ. This in turn is challenging US FON (US Department of Defense Freedom of Navigation) and overflight operations outside China's EEZ. Though Beijing has been using, in particular, its coast guard, fishing fleet, and militias for these activities. But all of these entities are backed up by the PLAN. Together, these actions have systematically pushed Vietnam's and the Philippines' smaller maritime forces out of parts of their EEZs and threatened Malaysian as well as Indonesian forces (Burgess 2020).

Furthermore, in the Spratly and Paracel Islands, Beijing has built *artificial islands* along-with stationing PLAN and PLAAF (People's Liberation Army Air Force) units, as well as *surface-to-air* and *surface-to-surface* missiles, thereby increasing 'anti-access, area-denial' (A2/AD) capabilities which threatens the US and its allies in SCS (Burgess 2020). China has been harassing US naval and air operations for more than two decades. It has challenged US 'freedom of navigation operations and overflight operations' (FONOP) in *Spratly* and *Paracel Islands* since 2015. Beijing's maritime development activities now allow it to potentially obstruct the exploration of oil and gas. Its 'anti-access/area-denial' (A2/AD) capabilities pose threats to the USN (United States Navy) and its Aviation Force operations. Also global maritime and air traffic is being threatened (Burgess 2020). China could impose an ADIZ over part or all of the SCS in the future, similar to the ECS ADIZ it established in 2013. Warnings issued by China against US military aircraft flying over PLA installations in the *Spratly* provide evidence of this (Weitz 2018). To sum up, PLAN poses a possible threat to economic flows, extraction of resources, and military operations in a vital waterway.

The above-mentioned actions by Beijing in the previous decade and potential threats have alarmed security and defense analysts in Canberra. They perceive that China's assertive behavior, which is only possible through a powerful navy, in the waters of the SCS not only threatens Beijing's immediate neighbors but also other countries of the Indo-Pacific region. Other nations of the region will be deprived of the Freedom of Navigation, Resource exploration and the US navy's influence will be diminished significantly as China's claims in the SCS nine-dash line map are reinforced, affecting the security of the countries in the region. Australia is one of the countries that relies on the US and its allies in the region for its security. Australia's trade goes through

the waters of the SCS to East Asian countries. Also, establishing control over the nine-dash line by China will demonstrate that it is challenging the rules-based order which has great significance for Australia. Therefore, Canberra is concerned about Beijing's actions in the SCS.

Australian concerns about Freedom of Navigation in the Indo-Pacific

FONOPs are vital for Australia's economic and geopolitical interests. This is mostly due to Australia's reliance on seaborne trade, the majority of which goes through the North and the Northeast archipelagos of Australia. The archipelagic arc, which stretches from 'Indonesia, the Philippines, and Papua New Guinea (PNG) in the north to the Solomon Islands, Vanuatu, and Fiji' in the Northeast, is critical to Australia's strategic interests. This is the area where a danger to Australia may most readily come from or pass through. It is also an area where Australia may collaborate on mutual interests with the goal of making the region more secure and stable (Bateman and Hanich 2013).

For Australia, the security of ships travelling through this Arc is a critical strategic concern. By value, the Arc carries over 62 per cent of Canberra's merchandise commerce (73 percent of exports and 52 percent of imports) (Australian Bureau of Statistics 2013). These merchandise goods pass through the *Indonesian archipelago* or from the east coast of Australia to the east coast of Papua New Guinea. As a result, Australia has a strong stake in the Pacific Arc's freedom of navigation (Bateman 2015).

Therefore, Australia is concerned about freedom of navigation in its immediate neighborhood, SCS, East China Sea (ECS), and the wider Indo-Pacific region. The government in Canberra considers that every country has the right to move freely through the oceans. But recent Chinese actions in the SCS and the ECS have increased the worries of policymakers and government officials in Canberra. These concerns and worries are clearly indicated in government defense documents and media statements. In a speech, Australian Defense Minister Peter Dutton chastised China. He said that while the Chinese claim of working with other states for maintaining *freedom of navigation* and safeguarding maritime routes, as well as to resolve territorial disputes through dialogue and consultation, the reality is quite different (Mahadzir 2021).

Dutton cited the occupation, fabrication, and militarization of disputed territories in the SCS for establishing 20 outposts, the rejection of *The Hague's Permanent Court of Arbitration's* 2016 verdict by China on claims of historic

rights in the SCS, sending large numbers of military jets into Taiwan's ADIZ, using militia-crewed fishing vessels while intruding the Philippines' EEZ, and escalating tensions in the ECS with Japan (Mahadzir 2021).

China is leveraging its growing dominance in trade and economics, security, media, and internet to coerce cooperation, according to Dutton, who also emphasized that China's military has significantly risen in size and capability. With 355 ships and submarines, China today possesses the world's largest navy, a force which has more than tripled in size in the last twenty years. He noted that Beijing has built vessels equivalent in tonnage to the whole *Royal Australian Navy* every 18 months on average over the last four years, and the former's navy is expected to grow to 460 ships by 2030 (Mahadzir 2021).

Morrison was asked during a news conference about accusations that the PLAN surveillance vessel had been spying on Australia in August and September. Morrison replied to the question that

"They have every right to be there under international maritime law, just like we have every right to be in the South China Sea, and other free liberal democratic countries have every right to be having freedom of movement in the South China Sea. Our movements in the South China Sea and those of other countries have been an issue of challenge to Australia" (Mahadzir 2021).

This statement by PM Morrison shows that Canberra is aware of Chinese actions in its neighborhood and is deeply involved in monitoring the latter's actions near its coastline. Also, it signifies that other countries must be allowed to operate freely as Chinese naval vessels are operating near Canberra's coastline.

So, basically, the concern focuses on FONOP. In this vein, Australia has for long been considering FONOPs in the SCS along with the US. Security and defense analysts in Australia have conflicting views on Canberra's move towards FONOPs in the SCS. Some suggest going for it in order to create deterrence against assertive PLAN behavior in SCS and bolster the balance of power in the region. While some others consider this will invoke a reaction from Beijing which is detrimental to the already strained relations between the two nations (Bateman 2015).

Other than this, Canberra is also concerned about overflight FON in the SCS and its Northern approaches. Beijing established an ADIZ in ECS in November 2013 (Ho 2016). The announcement of ADIZ in ECS triggered worries that Beijing would soon implement similar zones over the SCS. If

China goes the same for the SCS it will create problems for Australia because the movement of its flights will directly be impacted in the SCS and its Northern approaches.

PLAN Increased Interest in the South Pacific: A Source of Concern for Australia

Australia is concerned about China's increasing role in Pacific Island countries. China has increased its diplomatic, economic, and military engagement with the Pacific Island states. People Liberation Army (PLA), especially PLAN, has been at the forefront and has made multiple visits in the last one and half decades. According to Ron Mathews "The process began years ago, with PLA delegations visiting 24 Pacific islands between 2006 and 2019, more than 60% involving PLA(Navy) ships. This emerging threat has begun to focus the minds of Canberra's policymakers, as the danger of conflict increases" (Matthews 2021).

Increased engagement by China, especially through its navy has enhanced Australian suspicions of strategic encirclement by the former. Ron Mathews argues that China is up to strategically encircling Australia by giving loans to the Pacific Island countries and influencing them through soft power (Matthews 2021). This will in turn enhance Chinese influence in the region which will be consequential from an Australian security perspective.

Australia has always been wary of naval bases in its neighborhood. Recent PLAN engagement with Pacific Island countries has increased the likelihood of a Chinese naval base in Australia's immediate neighborhood. Professor Robert responded in an email interview to the author and said that "Many Pacific Islands states do not have armed forces and the South Pacific is not heavily militarized. But visits by PLA forces (including the navy) are now part of the region's interactions with larger powers. Australia is concerned about the prospect of China seeking to establish military facilities in the South Pacific, which is one reason for working with the US on infrastructure in Manus Island (part of PNG)" (Ayson 2022)⁵. There were media speculations in 2017 that China is going to build a military base in Vanuatu, a small island state in Pacific Island countries. This news shocked security and defense planners in Canberra. Such developments are deeply observed by the security

⁵ An email interview with Dr. Robert Ayson, Professor of the *School of History, Philosophy, Political Science and International Relations*, at Victoria University, Wellington, New Zealand, February 10, 2022. He can be reached at: robert.ayson@vuw.ac.nz.

community in Australia. In any case, China builds a naval base in Australia's neighborhood, which will increase problems for the latter.

Conclusion

This study explored the implications of China's naval modernization for Australia. It presented Australian concerns regarding PLAN's modernization drive. Major implications for Australia are in the form of Chinese increased assertiveness in the SCS which enhances former concerns for its sea borne trade to East Asia. Canberra is concerned about freedom of navigation in the waters of the SCS and the ECS. Also, Canberra is worried about PLAN's increased engagement with Pacific island countries. Australia has its own concentric circles concept of security. In any case China breaks through the first island Chain it will be a great source of concern for Australia in times of tension and crisis with the former. So, Chinese and Australian strategic interests will be clashing regarding the maritime security perspective of the two countries. This is due to the fact that China wants to transcend the island chains for its own security in order to overcome the security challenges posed by its neighboring states and keep the US away from its coasts and project power globally. This in turn enhances security concerns in Australia which is always wary of securing its territorial integrity.

It can be said that there is no direct threat to the Australian mainland from PLAN in contemporary times. But as Australia sets strategic interests in its Defense White Paper which extends from mainland Australia to its immediate neighborhood, and then to the wider Indo-Pacific, the later part of strategic interests is most likely to be impacted in the coming years. At the same time, one has to acknowledge that securing those strategic interests other than mainland Australia are also of great importance. Any hostile nation, for instance China, which is perceived by the Australian strategic community as a danger, can inflict serious threats to its mainland if it could not be contained or restricted in the Australian Indo-Pacific arc (Southeast Asian Archipelago). Because Australia is surrounded by waters and is militarily weak, it cannot withstand any such a scenario where a state like China might be in an Australian perceived island chain with evil intentions.

Also, the issue of '*freedom of navigation*' is of great importance to Australia not only to secure the rules-based international order but also to secure its commerce. As Australia exports coal and iron ore to China itself, the commercial fleets will not be having many problems. Besides securing commerce, and creating deterrence against Chinese naval forces, Australian warship's navigation is also at stake with increasing Chinese assertiveness in

the SCS. Australia can have problems if this assertiveness extends to the wider Indo-Pacific which is not likely in the near future. However, it is a possibility as China's naval modernization accelerates in the coming decades.

In response to these developments, Australia has embarked on the path of modernizing its own maritime forces. Canberra destined a significant amount of money for defense spending in the coming decades. It has strengthened its alliance with the US and other partners such as AUKUS (Australia, United Kingdom and the United States), QUAD (Quadrilateral Dialogue- Australia, India, Japan and the United States) and RAA (Japan-Australia Reciprocal Access Agreement).

The AUKUS deal signed in 2021, is considered the deal of the century. From an Australian perspective the deal is to strengthen its defense. The deal can be considered an act of balancing against increasing Chinese naval strength in the Indo-Pacific. This deal will enable Australia to deter the Chinese navy at a distance from its territory. Nuclear-powered submarines acquired through the deal would be able to operate for almost 70 days in SCS which is of vital interest to China. No doubt this development will enhance the range of operation of Australian maritime forces but will annoy China which has been a trade partner for the former.

Also, Australia has reinforced its alliance with the US, Japan, and India in the form of QUAD. Australia shifting back to QUAD indicates that it worries about China's increasing role in the Indo-Pacific region which it considers detrimental to its defense strategic interest. As discussed earlier, Australia deems necessary a '*free and open Indo-Pacific*'. According to analysts PLAN's assertive behavior in the SCS has compelled Australia to tilt back towards QUAD which was given lesser attention in previous governments. Besides, AUKUS and QUAD Australia are also part of other bilateral and multilateral arrangements for security. Those security arrangements include the RAA, the Five Power Defense Agreement and the ANZUS (Australia, New Zealand, the United States). No doubt the last two arrangements are not targeted against China, but they will gain more relevance in the coming years considering the China threat.

Looking at the strategic environment in the Indo-Pacific region China's naval modernization may accelerate in the coming years. This is not a positive sign for the security and economic development of the region because the bulk of national budgets are and will be diverted towards military modernization. This arms race will increase the possibility of war in the region. This situation is neither in the interest of China nor Australia. Both the countries directly need to benefit from each other. If these two states keep themselves busy spending more on their militaries rather than economic development, they

can confront many challenges on the economic front. Therefore it is in the interest of both nations to enhance economic interdependence and stabilize the already strained relations.

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ABSTRACT

China has accelerated its naval modernization in recent years. There are multiple factors behind this modernization drive. The rise of China in many ways is impacting political, economic, and security dynamics around the world but particularly in Asia-Pacific (Indo-Pacific). Australia is one of the countries in this region which is not an exception in this regard. This study looks for the implications of China's naval modernization on Australia. The study makes an important contribution to the literature because this part of the world has not been looked into while analyzing Chinese naval modernization. Data is collected through primary and secondary sources. Besides reviewing the existing literature, data is collected through key informant interviews and policy documents of China and Australia. Australian threat perception is evaluated by analyzing Australian Defense White Papers, speeches of Australian leaders and an account of the country's security analysts views. The study finds that challenges posed by other nations in the region are prompting China to modernize its navy. In turn, this enhances security concerns in Australia which is always wary of securing its territorial integrity, economic interests, and the global liberal world order which has contributed to its development and security. Australia, in response to these developments, has embarked on the path of modernizing its own forces. It has bolstered its alliances with the US and other partners..

KEYWORDS

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