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Australia: Background and U.S. Relations

Congressional interest in Australia has focused on Australia's role as a key ally and trade partner of the United States. Australia also figures prominently in congressional oversight of the Administration's strategic policies toward the Indo-Pacific region. The Commonwealth of Australia and the United States enjoy a close alliance relationship. Australia is a key trade and investment partner of the United States, shares many cultural traditions and values with the United States, and has been a treaty ally since the signing of the Australia-New Zealand-United States (ANZUS) Treaty in 1951. Australia made major contributions to the allied cause in the First and Second World Wars, and the conflicts in Korea, Vietnam, Iraq, and Afghanistan. Australia is also a close intelligence partner through the "Five Eyes" group of nations, which includes Australia, Canada, New Zealand, the United Kingdom and the United States. U.S. Marines have been conducting rotational deployments in northern Australia since 2012 and Australia trains with U.S. forces in both bilateral and multilateral exercises. A traditional cornerstone of Australia's strategic outlook is the view that the United States is Australia's most important strategic partner and is a key source of stability in the Indo-Pacific region.

In 2022, Prime Minister Albanese of the Australian Labor Party (Labor) defeated former Prime Minister Scott Morrison of the center-right Liberal Party in parliamentary elections. Labor's promise to implement policies to address climate change was a decisive factor in the election: the Green Party and "Teal" independents, both of which favor climate action, also gained seats. Prime Minister Albanese also campaigned to amend the constitution of Australia to establish an indigenous voice in parliament that would represent Aboriginal and Torres Strait Islander interests to parliament and government.

The Albanese government has continued the previous government's commitment to strengthening the U.S. alliance. In 2021, under the Morrison government, Australia, the United Kingdom, and the United States had announced the Australia-United Kingdom-United States (AUKUS) Partnership. The three governments have described AUKUS as a significant new security cooperation under which the parties will cooperate to expand their capabilities to address a range of 21st century threats, including in the domains cybersecurity, artificial intelligence, and other technologies. It also commits to helping Australia develop a fleet of nuclear-propelled submarines using U.S. technology.

In 2022, the Australian Foreign and Defense Ministers and the U.S. Secretaries of State and Defense met for the 32nd annual Australia-United States Ministerial Consultations (AUSMIN) meeting. In advance of the meeting, Australian Minister for Defence Richard Marles stated, "we are meeting at a time when the strategic landscape we face, collectively by the Australia, the United States, and the world really is as complex and precarious it's been at any point really since the end of the second world war." Marles also indicated there will be "an increased level of activity between our two countries across all domains" and that Australia and the United States were looking at increased force-posture cooperation to enhance the capacity of facilities in Australia. Following the AUSMIN meeting, Defense Secretary Lloyd Austin stated that the United States will increase its rotational presence in Australia and invite Japan to integrate into force posture initiatives in Australia. Austin also stated, "China's dangerous and coercive actions throughout the Indo-Pacific, including around Taiwan, and toward the Pacific Island countries and in the East and South China Seas, threaten regional peace and stability."

While Australia has a complex array of international relations, its geopolitical context has to a large extent been defined by its economic relationship with China and its strategic relationship with the United States. Australia's political leadership has sought to have constructive trade relations with China while maintaining its close strategic alliance relationship with the United States. Australia plays a key role in promoting regional stability in Southeast Asia and the Southwest Pacific, and has led peacekeeping efforts in the Asia-Pacific, including in Timor-Leste and the Solomon Islands. Australia's relationship with China has been tense in recent years, though there are signs that the government in Canberra is seeking to limit future tensions. China is Australia's largest two-way trade partner and is Australia's largest export destination. Facing mounting concerns over China's efforts to exert influence in Australia, the Australian government passed legislation to block foreign interference and banned China's Huawei telecommunications provider from Australia's 5G rollout in 2018. In 2020, Australia also called for an investigation into the origins of the Coronavirus Disease 2019 (COVID-19) pandemic. Prime Minister Anthony Albanese met with Xi Jinping on the sidelines of the G20 meeting in Bali, Indonesia, in November 2022 in what was described in the media as a "breakthrough meeting after years of tensions." This was the first meeting between Xi and an Australian Prime Minister since 2016. During the meeting, Albanese called on China to drop sanctions on Australian exports to China which were imposed following Canberra's calls for an independent investigation into the origins of COVID-19.

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Overview

The United States and Australia enjoy close social, economic, political, cultural, and security relations. This includes consistent Australian support for U.S. strategic initiatives globally and in the Indo-Pacific region, deepening alignment between the two countries' strategic views, broad defense collaboration, and close intelligence cooperation. Australia and the United States in recent years have sought to further strengthen defense ties both bilaterally and with regional and global partners, due in large part to growing Australian security concerns related to the Peoples Republic of China (PRC, or China) increasing its efforts to exert influence in Australia and the region. Australia's relations with China have been strained, largely due to Australian security concerns.

In September 2021, Australia, the United Kingdom, and the United States resolved to deepen diplomatic, security and defense cooperation in the Indo-Pacific region and announced the creation of an enhanced trilateral security partnership called "AUKUS," which among other measures seeks to provide Australia with nuclear propulsion technology for its next-generation submarines.¹ (See "AUKUS" section, below.) Australia also signed a reciprocal access agreement with Japan in January 2022 that facilitates closer defense cooperation between the two nations. The United States, Australia, Japan, and India have boosted ties through the developing Quadrilateral Security Dialogue, known as the "Quad." There is also increasing focus in the U.S.-Australia relationship on promoting the green economy and developing resilient supply chains, and in particular the "role that critical minerals play in driving the clean energy transition."² Australia has significant deposits of minerals, such as lithium, which are critical to many green technologies.³

Background

Australia was first inhabited between 40,000 and 60,000 years ago. The Aboriginal people were hunter-gatherers, and developed a complex spiritual "Dreamtime" culture focusing on creation myths, rituals, laws, and connections to ancestors and the Australian landscape. Captain James Cook claimed Australia for Britain in 1770, and in 1788, the first European settlement, largely made up of British convicts, was established. Australia evolved into a pastoral settler society based on sheep and wool, along with the increasing importance of minerals. Despite the centrality of the "bush" or the "outback" to the national myth, Australia has evolved into an urbanized society. While geographically situated in the Indo-Pacific region (see **Figure 2**, "Map of Australia") and increasingly ethnically diverse, Australia continues to have deep cultural ties to Britain, the United States, and Europe. Australia's Prime Minister Anthony Albanese in July 2022 proposed putting a referendum question to Australian voters asking whether including an indigenous voice in parliament should be enshrined in the constitution.⁴ (See "Indigenous Voice" section below.) Approximately 3.2% of the population of Australia identifies as Aboriginal or

¹ The White House, "Joint Leaders Statement on AUKUS," September 15, 2021.

² U.S. Department of Commerce, "Next Steps on U.S.-Australia Critical Minerals Collaboration," press release, November 17, 2021.

³ Australian Government, Department of Industry, Science, Energy and Resources, "2022 Critical Minerals Strategy," March 2022.

⁴ Lorena Allam, "Anthony Albanese Reveals 'Simple and Clear' Wording of Referendum Question on Indigenous Voice," *The Guardian*, July 29, 2022.

Torres Strait Islander.⁵ In June 2021, there were six parliamentarians with indigenous heritage in federal and state parliaments in Australia.⁶

Political Setting

The Commonwealth of Australia is an independent nation within the British Commonwealth. The Head of State is the ruling monarch of the United Kingdom, King Charles III, who is represented in Australia by Governor General Sir David Hurley. In practice, the Prime Minister and Cabinet, who are elected members of Parliament, hold power. Parliamentary elections are called by the government and must be held at least once every three years. There is a strong republican movement in Australia that supports breaking with the British Crown.⁷ The Australian government, however, is an active participant in Commonwealth programs and argues that it “provides a means to strengthen democracy and development outcomes in our near region as well as in Commonwealth countries further afield.”⁸ Following the September 2022 death of Queen Elizabeth, Prime Minister Albanese stated, “Now is not a time to talk about our system of government. Now is a time for us to pay tribute to the life of Queen Elizabeth.”⁹ Prime Minister Albanese reportedly favors having a referendum vote on declaring Australia a republic in his second term.¹⁰

Australia is divided into several administrative divisions. There are six states and two territories. The states are: New South Wales, Queensland, Victoria, South Australia, West

Australia at a Glance

Government: Parliamentary democracy and federal state system

Leadership: Prime Minister Anthony Albanese

Head of State: King Charles III, who appoints a Governor-General on the advice of the prime minister. David Hurley was appointed Governor General in 2019.

Main Political Parties: Labor, Liberal, National, Greens, and Teal Independents

Area: About the size of the lower 48 U.S. states

Capital: Canberra, population 431,000 (2021 est.)

Population: 26 million (2022 est.)

Urbanization: 86.2% (2020 est.)

Life expectancy at birth: 83.2 years (2020 est.)

Foreign-born population: 29.1% (2021 est.)

Natural resources: Bauxite, coal, iron ore, copper, tin, gold, silver, uranium, nickel, tungsten, mineral sands, lead, zinc, diamonds, natural gas, and petroleum.

Key exports: Coal, iron ore, gold, meat, wool, alumina, wheat, machinery, and transport equipment

Export Partners: China 37.6%, Japan 13.5%, South Korea 7.6%, Taiwan 5.5%. (2021 est.)

GDP growth: 3.7% (2022 est.), 1.3% (2023 projection)

GDP per capita ppp: US\$63,829 (2022 est.)

Unemployment: 3.7% (2022 est.)

Inflation: 6.4% (2022 est.), 3.7% (2023 projection)

Exchange rate: A\$1 = US\$0.68 (12/1/22)

Sources: Economist Intelligence Unit, Australian Bureau of Statistics, World Bank, and other sources

⁵ Government of Australia, Australian Bureau of Statistics, “Aboriginal and Torres Strait Islander Population Summary,” January 7, 2022.

⁶ Parliament of Australia, “Indigenous Australian Parliamentarians in Federal and State/territory Parliaments,” June 15, 2021.

⁷ One poll indicates 54% of Australians support making Australia a republic but remain split on the best way to choose a head of state to replace the King. David Crowe, “Support for a Republic Is Strong Enough to Win Approval in Bigger States: Poll,” *Sydney Morning Herald*, January 24, 2022.

⁸ Australian High Commission, United Kingdom, “Australia and the Commonwealth,” https://uk.embassy.gov.au/lhlh/Australia_Commonwealth.html.

⁹ Australian Broadcasting Corp., *Insiders*, David Speers interview with Prime Minister Anthony Albanese, September 11, 2022, at <https://www.abc.net.au/insiders/prime-minister-anthony-albanese/14050120>.

¹⁰ Amanda Coletta, “As Elizabeth Gives Way to Charles, Realms Consider Severing Ties,” *Washington Post*,

Australia, and Tasmania. The territories are the Australian Capital Territory and the Northern Territory. There also are a number of dependent islands including Christmas Island, Norfolk Island, and the Cocos Islands.

Australia has a bicameral parliament consisting of the House of Representatives and the Senate. Its representatives are elected through a preferential ballot in which voters rank their preferences.¹¹ The Senate has 76 seats, with 12 senators from each of the six states and two senators from each of the two territories. Members of the House of Representatives serve for three years and senators for six, with half of the senators being elected each term. Although the government must dissolve the House and call elections every three years, it may call elections early. A double dissolution, when all members of both legislative bodies must stand for election, may be called when there is a deadlock between the two houses of parliament.¹² Australia has compulsory voting for those over the age of 18.¹³ The center-right Liberal-National Party Coalition, which most recently led Australia from 2013 to 2022, and the current ruling Labor Party, are the two main political parties in Australia.

Table 1. Australian House of Representatives Composition

Political Parties	Seats
Australian Labor Party	77
The Coalition [The Liberal Party of Australia, The Nationals and the Country Liberal Party]	58
Independents	10
Greens	4
Centre Alliance	1
Katter's Australia Party	1
Total	151

Source: Parliamentary Education Office, "47th Parliament at Work," July 26, 2022.

Table 2. Australian Senate Composition

Political Parties	Seats
The Coalition [The Liberal Party of Australia, The Nationals and the Country Liberal Party]	32
Australian Labor Party	26
Green Party	12

September 14, 2022.

¹¹ "If the absolute majority is not gained on the first count, then preferences are distributed until an absolute majority is obtained." See "Preferential Voting Systems," Electoral Council of Australia and New Zealand, at ecanz.gov.au/electoral-systems/preferential.

¹² Parliamentary Education Office, "Double Dissolution," <https://peo.gov.au/understand-our-parliament/having-your-say/elections-and-voting/double-dissolution/>.

¹³ Australians can be fined for failing to vote government elections. See "I Didn't Vote," NSW Electoral Commission, <https://www.elections.nsw.gov.au/Voters/I-didnt-vote>.

United Australia Party	1
Hanson's One Nation Party	2
Jacqui Lambie Network	2
Independents	1
Total	76

Source: Parliamentary Education Office, “47th Parliament at Work,” July 26, 2022.

An opinion poll in December 2022 indicated that the Labor Party’s and Prime Minister Albanese’s popularity with voters has increased significantly since he was elected in May 2022. A December 2022 poll indicated that Labor’s support with the Australian electorate had increased to 42% as compared to the Coalition, which had 30% support. Labor won the election in May with a primary vote of 32.6%. When asked their preference for Prime Minister, Prime Minister Albanese polled 54% as compared to 19% for Opposition Leader Peter Dutton of the Liberal Party.¹⁴

Morrison Scandal

Former Prime Minister Scott Morrison was censured by the Australian parliament in November 2022 over a secret ministries scandal. Morrison had himself secretly been appointed by the Governor General to administer five ministerial positions, including health, finance, treasury, resources and home affairs portfolios while prime minister without informing parliament or the Australian public. This was the first time a former Australian Prime Minister has been censured by the Australian Parliament. The motion passed in an 86 to 50 vote in the House of Representatives.¹⁵ Former High Court Justice Hon. Virginia Bell headed an inquiry into the matter which found that “the lack of disclosure of the appointments to the public was apt to undermine public confidence in government ... the secrecy with which they had been surrounded was corrosive of trust in government.”¹⁶ Prime Minister Albanese office issued a media statement explaining that

The Bell Inquiry confirms the Solicitor-General’s conclusion that the principles of responsible government were “fundamentally undermined” because Mr. Morrison was not “responsible” to the Parliament, and through the Parliament to the electors, for the departments he was appointed to administer.¹⁷

The Bell inquiry recommendations include more transparency laws.

Indigenous Voice

Prime Minister Albanese has called for a referendum on an Indigenous Voice to Parliament to be held between July 2023 and July 2024. The proposed Indigenous Voice would advise the Australian Parliament and Government on matters of significance to Aboriginal and Torres Strait

¹⁴ David Crowe, “Labor Takes Strong Lead over Peter Dutton, New Research Shows,” *Sydney Morning Herald*, December 6, 2022.

¹⁵ Alasdair Pal, “Australian Parliament Censures Former PM Morrison over Secret Ministries,” *Reuters*, November 29, 2022.

¹⁶ Hon Virginia Bell, “Report of the Inquiry,” Inquiry into the Appointment of the Former Prime Minister to Administer Multiple Departments,” <https://www.ministriesinquiry.gov.au/publications/report-inquiry>.

¹⁷ Prime Minister of Australia, Media Release, “Government Welcomes Bell Inquiry Report,” November 25, 2022.

Islander peoples.¹⁸ Albanese delivered a speech at the Garma Festival (Australia's largest indigenous cultural gathering) in the Northern Territory in July 2022 where he recognized the traditional owners' custodianship of the land for over 60,000 years and called for a new spirit of partnership between government and First Nations people. Albanese has proposed that a draft question to be put to the Australian people at a referendum, which the Prime Minister suggested could be as simple as "Do you support an alteration to the constitution that establishes an Aboriginal and Torres Strait Islander Voice?"¹⁹ Albanese also outlined three sentences the government could propose to add to the constitution as a starting point for dialogue.

1. There shall be a body, to be called the Aboriginal and Torres Strait Islander Voice.
2. The Aboriginal and Torres Strait Islander Voice may make representations to Parliament and the Executive Government on matters relating to Aboriginal and Torres Strait Islander Peoples.
3. The Parliament shall, subject to this Constitution, have power to make laws with respect to the composition, functions, powers and procedures of the Aboriginal and Torres Strait Islander Voice.²⁰

In 2017, over 250 Aboriginal and Torres Strait Islander Delegates gathered "in the shadow of Uluru" to sign the Uluru Statement from the Heart.²¹

The Uluru Statement from the Heart is an invitation to the Australian people. We ask Australians to accept our invitation to walk with us in a movement of the Australian people for a better future. We call for the establishment of a First Nations Voice enshrined in the Constitution and a Makarrata Commission to supervise a process of agreement-making and truth-telling about our history.²²

A recent poll found that 64% of Australian voters are in favor of such a Voice. A Referendum Working Group has released a set of principles that describe the Voice as a body that would provide independent advice to parliament but would have no veto power over legislation.

The plan does not have universal support. Some have criticized the Voice as an initiative of elites "including corporate Australia, media figures and Aboriginal academics" and have asserted that Aboriginal people express "indifference, confusion as to what it's about or outright opposition ... The Voice, like the representative bodies before it, is not built around Aboriginal cultures and how we look at ourselves."²³ Some indigenous leaders, including Green Party Senator Lidia Thorpe, have been critical of the Voice.²⁴ Senator Thorpe has called for a treaty to be established with First Nations peoples before holding a referendum on an Indigenous Voice.²⁵ Media reports

¹⁸ Australian Government, National Indigenous Australians Agency, "Indigenous Voice Discussion Paper, 2021.

¹⁹ Lorena Allam, "Anthony Albanese Reveals Simple and Clear Wording of Referendum Question," *The Guardian*, July 29, 2022. Australian Government, National Indigenous Australians Agency, "Referendum on an Aboriginal and Torres Strait Islander Voice," July 30, 2022.

²⁰ P. Karvelas, "After More Than 200 Years of Waiting, Albanese Puts Forward a 'Simple' Proposition for an Indigenous Voice to Parliament," *ABC News*, July 29, 2022.

²¹ Uluru is a massive sandstone monolith in the Northern Territory of Australia that is sacred to Aboriginal Australians.

²² The Uluru Statement from the Heart, <https://ulurustatement.org/>.

²³ Nyunggai Warren Mundine, "Aboriginal Australians Have Heard the Voice Before," *Daily Telegraph*, August 2, 2022.

²⁴ Voice of America, "Divisions in Australia over Plan for Indigenous Voice to Parliament," September 6, 2022.

²⁵ Carly Williams, "Push for an Indigenous Voice to Parliament Ramps Up, as PM Promises Referendum Next Year," *ABC News*, September 29, 2022.

indicate that Leader of the Liberal Party Dutton will most likely join the National Party and reject the Voice to Parliament.²⁶

Aboriginal Australian's ties to "country," a specific territory or landscape within Australia, complicates the role and functioning of any national body seeking to speak on behalf of the many different Aboriginal groups from across the country. Indigenous Australians are thought to be the world's oldest surviving culture. There are about 500 groups or nations of First Nation people speaking 250 indigenous languages with 800 dialects that have lived in Australia for approximately 60,000 years.²⁷ As of 2021, there were 984,000 Aboriginal and Torres Strait Islander People representing 3.8% of the population of Australia.²⁸

Recent Election and Climate Change²⁹

The May 2022 parliamentary election transformed Australia's policy on climate change, as it brought to power more candidates favoring climate action. Former Prime Minister Morrison of the right of center Liberal-National Coalition prioritized economic growth over addressing climate issues, and famously brought a lump of coal into parliament in 2017 to urge Australia not to be afraid of coal.³⁰ Observers say Morrison's reluctance to take action to address climate change was a key reason for his electoral defeat³¹ by Prime Minister Albanese of the Australian Labor Party, which won 77 of 151 seats in the House of Representatives and 26 of 76 in the Senate. The Labor Party campaigned on a pledge to reduce carbon emissions significantly. "Teal" independents³² and the Green Party, who urge more comprehensive and immediate action on climate change, made significant gains in the election; the Green Party won 12 seats in the Senate.³³ The Climate Change Act of 2022, introduced by the Labor government in July 2022, pledges a 43% cut in emissions by 2030 and net zero by 2050. It passed both houses of the Australian parliament with support from the Greens and independents, and entered into force in September 2022.³⁴

Economics and Trade

The export of commodities, particularly minerals, has become increasingly important to the Australian economy over the past two decades. Australia has been a consistent supporter of trade liberalization. The Australian Trade and Investment Commission reports that the International Monetary Fund projected Australia would be the world's 13th largest economy in 2022 with a

²⁶ Tyrone Clark, "Peter Dutton Will 'Most Likely' Join Nationals and Oppose Voice to Parliament," *Sky News*, November 28, 2022.

²⁷ AIATSIS, "Australia's First Peoples," <https://aiatsis.gov.au/explore/australias-first-peoples>.

²⁸ Australian Bureau of Statistics, "Aboriginal and Torres Strait Islander Peoples," <https://www.abs.gov.au/statistics/people/aboriginal-and-torres-strait-islander-peoples>.

²⁹ See also CRS In Focus IF12282, *Australia: Climate Change Issues*, by Bruce Vaughn.

³⁰ Katherine Murphy, "Scott Morrison Brings Coal to Question Time: What Fresh Idiocy Is This?" *The Guardian*, February 9, 2017.

³¹ Katherine Murphy, "Australia's Right Wing Government Weaponized Climate Change—Now It Has Faced Its Reckoning," *The Guardian*, May 22, 2022.

³² Calla Wahlquist, "Teal Independents: Who Are They and How Did They Upend Australia's Election?" *The Guardian*, May 23, 2022.

³³ "Australia's Climate Election Shows Shifting Priority for Voters," *NBC News*, May 23, 2022.

³⁴ Adam Morton, "Australian Parliament Passes First Climate Change Legislation in a Decade," *The Guardian*, September 8, 2022.

gross domestic product (GDP) of approximately \$1.7 trillion.³⁵ With 0.3% of the world's population Australia accounts for 1.6% of the global economy.³⁶ Australian exports typically are resources, energy, agriculture, tourism and education. Australia is among the world's top three exporters of resources and energy.³⁷

China is Australia's largest two-way trade partner in goods and services and accounts for over one-third of Australia's trade with the world.³⁸ From 2009 to 2019, Australian exports to China tripled to AD\$149 billion per year.³⁹ (1 Australian dollar = 0.64 U.S. dollar as of October 6, 2022.) While the Australia-China Free Trade Agreement came into force in 2015, the PRC government has restricted some Australian exports due to political concerns. Despite this, Australian exports to China increased 24% in the year to August 2021.⁴⁰ More recently, China's imports from Australia reportedly fell 11.1% in the first seven months of 2022, while China's exports to Australia grew by 24.1%.⁴¹

The Australia-United States Free Trade Agreement (AUSFTA) came into force in 2005. Since that time, according to the Australian government, "two-way trade has doubled, two-way investment has tripled, hundreds of thousands of jobs have been created, and the economies of the United States and Australia have become more closely integrated."⁴² In 2021, U.S. exports to Australia increased 13.1% as compared with 2020, to \$26.4 billion, and the United States had a trade surplus of \$14 billion.⁴³ In the 2019-2020 period, the United States was Australia's second largest two-way trade partner in goods and services and the United States was the largest investor in Australia. The United States is also Australia's largest foreign investment destination.⁴⁴

Strategic Outlook

While there is a large degree of strategic continuity in Australia regardless of which party is in power, particularly with regard to the alliance with the United States, Australian foreign policy may subtly shift as the new Labor government moves forward. Australia's geopolitical context has been defined by its trade relationship with China and its strategic relationship with the United States. The previous government took a more confrontational approach to China, and as tensions mounted with the PRC, Australia doubled down on its alliance with the United States and

³⁵ "12 Updates on Australia's Pandemic Performance," Australian Trade and Investment Commission, December 6, 2021.

³⁶ "Resilient Economy," Why Australia Benchmark Report 2021, at <https://www.gov.au/benchmark-report/resilient-economy>.

³⁷ "Dynamic Industries," Why Australia Benchmark Report 2021, at <https://www.gov.au/benchmark-report/resilient-economy>.

³⁸ Australia Department of Foreign Affairs and Trade, "China Country Brief," at <https://www.austrade.gov.au/geo/china/china-country-brief>.

³⁹ Jeffrey Wilson, "Australia Shows the World What Decoupling from China Looks Like," *Foreign Policy*, November 9, 2021.

⁴⁰ W. Tan, "Australia's Exports to China Are Jumping Despite Their Trade Fight," CNBC, October 27, 2021.

⁴¹ "China's Imports from Australia Fell 11.1% in the First Seven Months of 2022," *Global Times*, August 7, 2022.

⁴² Australian Trade and Investment Commission, "The United States of America: Market Profile," at <https://www.austrade.gov.au/australian/export/export-markets/countries-and-economies/united-states-of-america/market-profile/market-profile>.

⁴³ U.S. Department of Commerce, Office of Technology Evaluation, "U.S. Trade with Australia," 2021.

⁴⁴ "Australia-US FTA," July 2, 2021, at <https://www.dfat.gov.au/trade/agreements/in-force/ausfta/australia-united-states-fta>.

deepened strategic ties with Japan and other U.S. allies. Speaking to the Davos World Economic Forum in January 2022, then-Prime Minister Morrison stated that the Indo-Pacific had become “highly contested” due to increased use of “grey-zone tactics” seeking to “coerce and intimidate.”⁴⁵ Then-Australian Defence Minister Dutton, who is currently Leader of the Opposition, warned in September 2021 that the world “would be foolish to repeat the mistakes of the 1930s”⁴⁶ and declared that the PRC viewed states like Australia as “tributary states.”⁴⁷ Former Australian Treasurer Josh Frydenburg has also warned that Australia must diversify its economy to rely less on China and look to new markets.⁴⁸ Australian defense spending, including spending for the Australian Signals Directorate, increased 6.1% in 2021 to reach AD\$44.6 billion, which put defense spending at 2.1% of GDP.⁴⁹ One analyst called this increase in nominal terms as compared with the previous year “a good sign for Australia’s ability to rapidly develop defence capability in the face of increasing strategic uncertainty.”⁵⁰

The new Labor government has taken a less directly confrontational stance on China.⁵¹ It appears to be placing relatively more emphasis on multilateralism and Asian regionalism while retaining Australia’s long-standing emphasis on its alliance with the United States and support for a rules-based order where the sovereignty of states is respected.⁵² Australian Foreign Minister Penny Wong⁵³ has actively engaged the Quad, as well as South Pacific and Southeast Asian nations since assuming office in May, and has expressed a desire for Australia to play an active role in shaping its strategic environment and expanding its power and influence.⁵⁴ Wong also has emphasized Australia’s ties to the Association of Southeast Asian Nations (ASEAN),⁵⁵ speaking about “ASEAN centrality” and the importance and interconnected nature of ASEAN’s and Australia’s security.⁵⁶

Australia’s “Defence Strategic Review” and Defense Spending

The Albanese government initiated a Defence Strategic Review in 2022. The review is to examine Australian defense spending, capacity, and posture and report its findings before March

⁴⁵ Paul Karp, “Morrison Speaks Out Against China’s ‘Economic Coercion’ at Davos,” *The Guardian*, January 21, 2022.

⁴⁶ Daniel Hurst, “‘Mistakes of the 1930s’: Peter Dutton Ramps Up China Rhetoric as Keating Calls Him a ‘Dangerous Personality,’” *The Guardian*, November 26, 2021.

⁴⁷ Andrew Tillett, “China Won’t Stop at Taiwan,” *Financial Review*, November 27, 2021.

⁴⁸ “Australia’s Treasurer Says Economy Must Diversify and Rely Less on China,” Reuters, September 5, 2021.

⁴⁹ Katherine Ziesing, “2021 Defence Budget at a Glance,” *Australian Defence Magazine*, May 11, 2021.

⁵⁰ Marcus Hellyer, “Defence Budget Climbs to \$4.6 Billion,” Australian Strategic Policy Institute, May 12, 2021.

⁵¹ “Australia and China Are on Speaking Terms Again,” *The Economist*, July 26, 2022.

⁵² Margaret Simons, “Penny Wong Wants Australia to be More Than a Supporting Player,” *Foreign Policy*, October 1, 2022.

⁵³ Wong’s father was from Malaysia and went to study in Australia at the University of Adelaide on a Colombo Plan Scholarship. Wong’s mother was from Australia. Wong grew up in Malaysia until the age of 8 when she moved to Australia. Ministry of Foreign Affairs, “Penny Wong Keynote Address in Kuala Lumpur, Malaysia,” June 29, 2022.

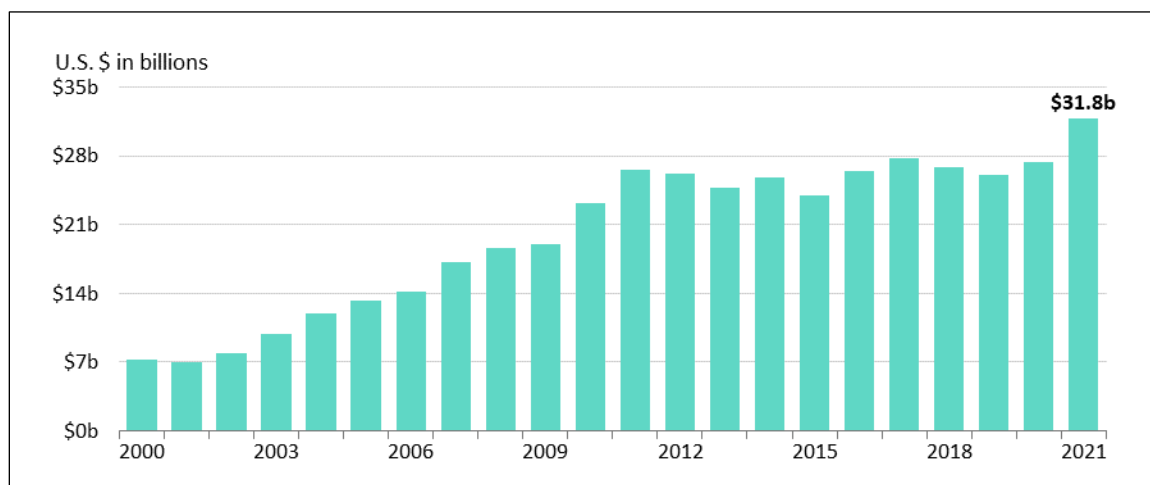
⁵⁴ Senator Penny Wong, “Expanding Australia’s Power and Influence: Speech to the National Security College, The Australian National University,” November 23, 2021.

⁵⁵ ASEAN is an intergovernmental organization of 10 Southeast Asian nations: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

⁵⁶ Minister for Foreign Affairs Penny Wong, “A Shared Future: Australia, ASEAN and Southeast Asia,” IISS, July 6, 2022.

2023.⁵⁷ The government is to make decisions related to the Defence Review in tandem with decisions related to the acquisition of a new fleet of nuclear propelled submarines. Australian observers have identified meeting “China’s direct security challenge in Australia’s near region” and finding “new ways to increase Australian military power quickly” as key challenges for the review.⁵⁸

Figure 1. Australian Defense Spending in U.S. Dollars



Source: Chart created by CRS. Information from Bloomberg figure sourced to SIPRI. See Hal Brands, “Why Australia Is Gearing Up for Possible War with China,” *Bloomberg*, November 9, 2022.

Relations with the PRC

Revelations regarding the PRC’s attempts in recent years to influence Australia’s society and region have had a negative impact on Australian perceptions of China. Examples of the PRC’s efforts to influence Australia include its hacking of the Australian parliament⁵⁹ and major political parties; apparent efforts to buy influence through political donations, including to former Member of Parliament Sam Dastyari; efforts to purchase or lease critical infrastructure, such as port facilities in Darwin; efforts to sway Australia’s Chinese language media and to curb free speech on university campuses; and moves to impose trade restrictions against Australia.⁶⁰ A 2021 poll found that 63% of Australians believe that China is “more of a security threat” while 34% felt that China was “more of an economic partner.” This is a significant reversal from 2018, when 82% felt China was “more of an economic partner” and 12% felt that China was “more of a security threat.”⁶¹

Australia has undertaken a number of measures to counter the PRC’s growing influence. Some observers have viewed Australia’s resistance to China’s influence as suggesting that the PRC

⁵⁷ “The Australian Defence Review and Time,” CSIS, September 6, 2022.

⁵⁸ Michael Shoebridge, “Marles’ Defence Strategic Review—An Exploding Suitcase of Challenges,” Australian Strategic Policy Institute, August 17, 2022.

⁵⁹ Colin Packham, “Australia Concluded China Was Behind Hack on Parliament, Political Parties—Sources,” *Reuters*, September 15, 2019.

⁶⁰ Clive Hamilton, *Silent Invasions: China’s Influence in Australia* (Richmond, Victoria: Hardie Grant Books, 2018).

⁶¹ “China: More of an Economic Partner or a Security Threat?” Lowy Institute Poll, 2021, at <https://poll.lowyinstitute.org/charts/china-economic-partner-or-security-threat>.

“may have overplayed its hand” in its “longstanding campaign to pressure Canberra against adopting policies at odds with China’s interests and drive a wedge through the United States-Australia alliance.”⁶² In 2018, the Australian parliament passed new laws on espionage, foreign interference, and foreign influence, and the government of then-Prime Minister Malcolm Turnbull blocked the PRC telecommunications company Huawei from participating in the country’s development of its 5G mobile network. Then-Prime Minister Morrison signaled a key change in Australia’s defense posture with the 2020 Defence Strategic Update.⁶³ Canberra has responded to Chinese influence efforts in the South Pacific with renewed diplomatic, foreign aid, and security efforts in the region.⁶⁴

Albanese-Xi Meeting

Prime Minister Albanese’s meeting with Chinese Communist Party General Secretary Xi Jinping on the sidelines of the G20 meeting in Bali, Indonesia, in November 2022 was viewed by many as a breakthrough after years of tensions. This was the first meeting between Xi and an Australian Prime Minister since 2016. Albanese called on China to drop sanctions on Australian agricultural and mineral exports to China. While the meeting was generally viewed as a diplomatic breakthrough, observers noted that the move should not be viewed as a strategic reset by Australia.⁶⁵ Analysts have stated that while Australia should look to issues like climate change cooperation and the lifting of trade sanctions for improvement in bilateral relations, there should be a recognition that some issues, such as the South China Sea, Taiwan, and China’s growing presence in the Pacific, will likely remain areas of tension.⁶⁶ Following the meeting, Australian Defence Minister Marles stated, “A commitment to stabilising our relationship with China does not mean we won’t also maintain a clear-eyed focus on our security.”⁶⁷

Strategic Ties with the United States

Australia has been a U.S. treaty ally since the signing of the Australia-New Zealand-United States (ANZUS) Treaty in 1951. Australia sent troops to support the allied cause in the First and Second World Wars, and in the conflicts in Korea, Vietnam, Iraq, and Afghanistan. Australia is also a close U.S. intelligence partner through the “Five Eyes” group of nations, which also includes Canada, New Zealand, and the United Kingdom. U.S. Marines have been conducting regular rotational deployments in northern Australia since 2012. The ongoing strength of the defense relationship is demonstrated through various bilateral and multilateral military exercises such as the Talisman Sabre, Rim of the Pacific (RIMPAC), and Malabar exercises. When asked in 2021 “How important is our alliance relationship with the United States for Australia’s security?” 78% of Australians polled responded that it was “very important” or “fairly important.”⁶⁸ When asked this poll question again in 2022, 87% responded that it was “very important” or “fairly

⁶² See for example Ashley Townshend, “China’s Pandemic Fueled Standoff with Australia,” *War on the Rocks*, May 20, 2020.

⁶³ Prime Minister Morrison, “Launch of the 2020 Defence Strategic Update,” Office of the Prime Minister, July 1, 2020.

⁶⁴ Australian Government, Department of Foreign Affairs and Trade, “Building a Stronger and More United Pacific Family,” June 2022.

⁶⁵ “Albanese-Xi Talks Should Help Stabilise Relationship,” *The Australian*, November 16, 2022.

⁶⁶ James Malcolm, “Wolf Warrior era Over: Downer,” *The Australian*, November 17, 2022.

⁶⁷ “No Shift in Defence Policy After Xi Meeting,” *Reuters*, November 15, 2022.

⁶⁸ “Importance of the US Alliance,” Lowy Institute Poll 2021, at <https://poll.lowyinstitute.org/themes/united-states/>.

important.”⁶⁹ The Australia-U.S. Ministerial (AUSMIN) consultations are the central dialogue guiding the bilateral relationship.

The ANZUS Alliance

The United States–Australia bilateral defense and alliance relationship has traditionally remained strong even as it has evolved through different strategic contexts over the past 100 plus years.⁷⁰ In 1908, in one of the first bilateral military-to-military contacts, President Theodore Roosevelt’s Great White Fleet was welcomed in Australia, which was concerned with the expansion of Japanese naval power at that time. The defense relationship between the United States and Australia was forged when the two nations fought together on the Western Front in World War I. There U.S. troops fought under Australian General Monash at the Battle of Hamel. They also fought together in World War II in the South Pacific theater of operations, including the Battle of the Coral Sea, a joint action by U.S. and Australian naval forces that checked the Japanese naval advance on Papua and New Guinea just north of Australia and helped turn the tide of war in the Pacific. Former Australian Minister of Defence and former Ambassador to the United States Kim Beazley stated that the Battle of the Coral Sea “looms large in our strategic consciousness” and that it was a “nation saving” event.⁷¹ (At the outbreak of World War II, the Territory of New Guinea was a League of Nations Mandate of Australia while the Territory of Papua was under the direct authority of the Commonwealth of Australia.) Australia and the United States also fought together in the Korean War.

The 1951 ANZUS Treaty was signed at a time when Australia and New Zealand were concerned about a resurgent Japan and the United States was increasingly concerned with the growing power of the Soviet Union. The U.S.-New Zealand leg of the ANZUS alliance was suspended as a result of differences over nuclear policy in the mid-1980s, while U.S.-Australia defense ties continued. The two nations came to share common concern during the Cold War, which saw Australian troops fighting alongside U.S. forces in Vietnam, and the two nations worked together to promote stability in the post-Cold War era in places like Somalia.

The “Global War Against Terror” following the September 11, 2001, attacks on the United States also drew the two nations together. Then-Prime Minister John Howard invoked the ANZUS alliance to come to the assistance of the United States by sending Australian troops to serve in Iraq and Afghanistan. Australia and the United States also share a deep and broad-based intelligence relationship.⁷² U.S.-Australia joint defense facilities have aided intelligence collection, ballistic missile early warning, submarine communications, and satellite-based communications.⁷³

⁶⁹ Natasha Kassam, “The Lowy Institute Poll 2022: Understanding Australian’s Attitudes to the World,” June 2022.

⁷⁰ Understanding why U.S. strategic relationships in Asia have endured beyond the Cold War is the subject of a study supported by the East West Center. See William Tow, “Understanding the Persistence of American Alliances and Partnerships in the Asia Pacific,” East West Center, *Asia Pacific Bulletin*, August 14, 2014. The Alliance 21 project at the United States Studies Centre at the University of Sydney and the Australian-American Leadership Dialogue are two independent organizations that help promote knowledge and understanding of the bilateral relationship.

⁷¹ Kim Beazley, “The Coral Sea, 1942: A Nation Saving Event,” *The Strategist*, Australian Strategic Policy Institute, May 3, 2017.

⁷² H.E. The Hon. Kim Beazley, Australian Ambassador to the United States, “On ANZUS Turning 60,” 2011 ANZAC Lecture, Georgetown University, April 20 2011.

⁷³ Australian Government, Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030*, Defence White Paper 2009, <http://www.defence.gov.au>.

The Wellington Declaration of 2010 and the Washington Declaration of 2012 moved the United States and New Zealand beyond past differences over nuclear policy and set the stage for further cooperation between the original three ANZUS countries. These declarations established a renewed strategic partnership between the United States and New Zealand and provide for enhanced military cooperation and a range of other areas.⁷⁴

AUSMIN 2021.⁷⁵ U.S. Secretary of State Antony Blinken and Secretary of Defense Lloyd Austin hosted their Australian counterparts, former Foreign Affairs Minister Marise Payne and former Defense Minister Dutton, in September 2021, for AUSMIN consultations at the U.S. Department of State. Their Joint Statement emphasized “shared values” and the need to “strengthen the rule-based international order.”⁷⁶ It also discussed several initiatives, including AUKUS and Australia’s acquisition of nuclear powered submarines; enhanced force posture cooperation and alliance integration; strategic capabilities cooperation; and cooperation on industry, technology, and innovation. Areas of future force posture cooperation identified in the Joint Statement included “enhanced air cooperation through the rotational deployment of U.S. aircraft of all types ... enhanced maritime cooperation by increasing logistics and sustainment capabilities of U.S. surface and subsurface vessels ... [and] enhanced land cooperation,” among other measures. The Joint Statement also highlighted “the positive progress made in hypersonic weapons and electromagnetic warfare cooperation.” The two governments also signed a classified Statement of Intent on Strategic Capabilities Cooperation and Implementation.⁷⁷

AUSMIN 2022. Secretary of State Blinken and Secretary of Defense Austin hosted Minister for Foreign Affairs Wong and Deputy Prime Minister and Minister for Defence Marles on December 6, 2022, in Washington, DC, for the 32nd annual AUSMIN meeting. AUSMIN 2022 was followed by a meeting of AUKUS Defense Ministers on December 7. Austin described the alliance with Australia as “the strongest it has ever been” before stating “we’re meeting at a time of tension ... especially from Russia’s reckless and lawless invasion of Ukraine, as well as from coercive and destabilizing military activities by the People’s Republic of China.” Marles stated “we are meeting at a time when the strategic landscape we face, collectively by the Australia, the United States, and the world really is as complex and precarious it’s been at any point really since the end of the second world war.”⁷⁸ The AUSMIN 2022 Joint Statement expressed the commitment

to advancing a stable, rules-based international order where differences are resolved peacefully and without coercion, and where states cooperate transparently to address shared challenges. They further committed to deepening their cooperation to strengthen and reform the multilateral system and galvanize collective action to address the climate crisis; protect and promote human rights and fundamental freedoms, democracy, and gender equity and equality; and advance the rules of the road for technology, cyberspace, trade, and commerce. The principals also decided to evolve their defense and security

⁷⁴ “US, New Zealand Sign Pact Ending 25-Year Rift,” *Voice of America*, November 4, 2011. Australian Government, Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030*, Defence White Paper 2009, <http://www.defence.gov.au>.

⁷⁵ Australian Government, Department of Foreign Affairs and Trade, “AUSMIN-Australia-United States Ministerial Consultations,” <https://www.dfat.gov.au/geo/united-states-of-america/ausmin/ausmin-australia-united-states-ministerial-consultations>.

⁷⁶ U.S. Department of State, Office of the Spokesperson, “Joint Statement on Australia-U.S. Ministerial Consultations (AUSMIN) 2021,” September 16, 2021.

⁷⁷ U.S. Department of State, Office of the Spokesperson, “Joint Statement on Australia-U.S. Ministerial Consultations (AUSMIN) 2021,” September 16, 2021.

⁷⁸ Secretary of Defense Lloyd Austin, “Remarks Welcoming Australian Deputy Prime Minister and Minister for Defence Richard Marles to the Pentagon,” U.S. Department of Defense, December 5, 2022.

cooperation to ensure they are equipped to deter aggression, counter coercion, and make space for sovereign decision making.⁷⁹

Defence Minister Marles reportedly stated that home-porting U.S. submarines in Australia was “not the answer” to addressing a capability gap that is anticipated to emerge before Australia puts its new fleet of submarines into service. Instead of acquiring new conventional submarines to fill the gap, Australia is reportedly looking to extend the life of the existing Collins class submarines and fast track the new fleet of nuclear powered submarines.⁸⁰ The 2022 AUSMIN Joint Statement highlighted Indo-Pacific Cooperation; Climate, Clean Energy, and Environment; Prosperity, Innovation, and Resilient Supply Chains; Defense and Security; and Securing our Technological Edge.

AUKUS

In September 2021, the White House announced a new Australia-United Kingdom-United States (AUKUS) trilateral security partnership. Some observers described the AUKUS security pact as the most significant security arrangement among the three nations in a generation.⁸¹ President Biden stated in announcing the pact that AUKUS will “update and enhance our shared ability to take on the threats of the 21st century just as we did in the 20th century: together.” Biden referenced that the three nations have “stood shoulder-to-shoulder” and fought together in WWI, WWII, Korea, and the Persian Gulf, and that AUKUS seeks to “maintain and expand our edge in military capabilities and critical technologies, such as cyber, artificial intelligence, quantum technologies, and undersea domains.”⁸² The pact focuses mostly on developing military capability, and opens the way for Australia to build nuclear-powered submarines.⁸³ It was initially reported that Australia plans to build approximately eight nuclear-powered submarines in Adelaide, Australia. More recently there are reports that some of the submarines may be built in the United States to accelerate the timeline so that Australia could receive its first new submarines by the mid-2030s.⁸⁴ Currently, six nations operate nuclear powered submarines. The UK, and now Australia, are the only nations with which the United States shares nuclear propulsion technology. As part of the agreement, Australia reportedly also will acquire long-range missiles, including Tomahawk cruise missiles for its Hobart Class destroyers, anti-ship missiles for its Super Hornet aircraft, hypersonic missiles and unmanned underwater vehicles. The pact also pledges significant collaboration on capability development. One analyst said it “means China faces a powerful new defence alliance in the Indo-Pacific.”⁸⁵

⁷⁹ U.S. Department of Defense, “Joint Statement on Australia-U.S. Ministerial Consultations (AUSMIN) 2022, December 6, 2022.

⁸⁰ Tom Minear, “More Visits but No Home for U.S. Subs,” *The Daily Telegraph*, December 6, 2022.

⁸¹ “AUKUS: United Kingdom, United States, Australia Launch Pact to Counter China,” *BBC News*, September 16, 2021.

⁸² The White House, “Remarks by President Biden, Prime Minister Morrison of Australia, and Prime Minister Johnson of the United Kingdom Announcing the Creation of AUKUS,” September 15, 2021.

⁸³ For more information on nuclear aspects of AUKUS see CRS In Focus IF11999, *AUKUS Nuclear Cooperation*, by Paul K. Kerr and Mary Beth D. Nikitin.

⁸⁴ Chantelle Francis, “US in Talks to Build Australia’s First Nuclear-Powered Submarines by Mid-2030s,” <http://www.news.com.au>, September 24, 2022.

⁸⁵ Patrick Wintour, “What Is the AUKUS Alliance and What Are Its Implications?” *The Guardian*, September 16, 2021.

Critical Minerals

According to the White House, demand for critical minerals, which provide key inputs for clean energy technologies, is projected to “skyrocket by 400-600 percent over the next several decades” and “China controls most of the market for processing and refining for cobalt, lithium, rare earths and other critical minerals.”⁸⁶ Australia can provide many of these critical minerals. In 2020, Australia had 49% of the world’s production of lithium, was the world’s 4th largest producer of rare earth minerals and accounted for 18% of world cobalt production.⁸⁷ In July 2022, the United States and Australia advanced existing cooperation in critical minerals in a Joint Statement on the Establishment of the Australia-United States Net Zero Technology Acceleration Partnership. A statement from Secretary of Energy Jennifer Granholm and her Australian counterpart said

Given the crucial role critical minerals and materials will play in the energy transition and in enabling the deployment of many of the above technologies, Australia and the United States also intend to collaborate on ensuring resilient, diversified, responsible, and sustainable critical material supply chains encompassing production, processing, and manufacturing capacity.⁸⁸

In June 2022, the U.S. Department of Defense (DOD) signed a \$120 million follow-on contract with Australian Lynas Corporation to develop a heavy rare earth minerals separation facility in the United States.⁸⁹ Feedstock for the facility is planned to come from Lynas’ mine in Western Australia.⁹⁰ DOD previously signed a \$30.4 million contract with Lynas in February 2021 to “establish domestic processing capabilities for light rare earth elements (LREE)” and establish a LREE separation capacity in Texas.⁹¹

Other Strategic and Defense Relationships

Australia has a number of strategic relationships that augment or complement its strategic and defense relationship with the United States.

Australia and Ukraine

Prime Minister Albanese traveled to Kyiv to meet with Ukrainian President Volodymyr Zelensky in July 2022. During the visit, he pledged more support, including armored vehicles, for Ukraine and described the devastation of Bucha and Irpin as a “war crime.”⁹² Foreign Minister Wong has also spoken out against the Russian invasion of Ukraine and stated, “The world cannot accept a situation where large countries determine the fate of smaller countries.”⁹³ Australia has committed

⁸⁶ The White House, “Fact Sheet: Securing a Made in America Supply Chain for Critical Minerals,” February 22, 2022.

⁸⁷ Australian Government, Department of Industry, Science, Energy and Resources, “2022 Critical Minerals Strategy,” March 2022.

⁸⁸ Secretary of Energy Jennifer Granholm and Minister for Climate Change and Energy Chris Bowen, “Joint Statement on the Establishment of the Australia-United States Net Zero Technology Acceleration Partnership,” July 12, 2022.

⁸⁹ Praveen Menon, “Australia’s Lynas Gets \$120 Million Pentagon Contract for U.S. Rare Earths Project,” Reuters, June 14, 2022.

⁹⁰ Amanda Lacaze, “DoD Awards Australia’s Lynas \$120 Million to Build a Heavy Rare Earths Facility in the USA” Investorintel, June 28, 2022.

⁹¹ Department of Defense, “DOD Announces Rare Earth Element Award to Strengthen Domestic Industrial Base,” February 1, 2021.

⁹² “Australian PM Visits Kyiv, Pledges More Military Aid,” BBC News, July 4, 2022.

⁹³ General Assembly of the United Nations, “General Debate, Remarks of H.E. Ms. Penny Wong,” September 23,

\$655 million in support for Ukraine since the Russian invasion, including \$475 million in military support. Australian defense personnel are also helping train Ukrainian troops in the United Kingdom. Albanese has described Australian support for Ukraine as “standing up for the international rule of law.”⁹⁴ Australia has also established a sanctions regime against Russia “in response to the Russian threat to the sovereignty and territorial integrity of Ukraine” which was first established in 2014 and extended in 2015 and 2022.⁹⁵

Australian observers have reacted to the Russian invasion of Ukraine by considering their own security as a middle power. With the Russian invasion of Ukraine having shattered the illusion that the world is safe from great power aggression, there appears to be increasing interest among small and medium powers, including Australia, on what lessons should be learned from the war in Ukraine. One prominent Australian national security observer recommends that a democratic and developed middle power can respond to the challenge of Russia or China through “a combination of internal and external balancing: self-strengthening and strategic partnerships.”⁹⁶

Albanese Government on Taiwan

While Taiwan is an important trade partner of Australia, the Australian government “does not regard the authorities in Taiwan as having the status of a national government.”⁹⁷ In November 2022, Prime Minister Albanese suggested that Australia is unlikely to support Taiwan’s push to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).⁹⁸ Following pushback from Taiwan, an Australian government spokesperson clarified that Australia continues to support the entry of all economies that meet CPTPP’s high standards, including Taiwan.⁹⁹ President Biden discussed the importance of peace and stability across the Taiwan Strait with Prime Minister Albanese when the leaders met on the sidelines of the East Asia Summit in Cambodia in November 2022.¹⁰⁰ Almost half of Australians polled in September 2022 supported sending troops to defend Taiwan in a conflict with China, a higher percentage than in the United States or Japan.¹⁰¹

The Quad. Australia is developing its strategic relations with like-minded democracies through the Quadrilateral Security Dialogue, or “Quad.” The first-ever in-person Leader’s Summit of the Quad was held in Washington, DC, in September 2021. President Biden, then-Prime Minister Morrison, Prime Minister Narendra Modi of India and then-Prime Minister Yoshihide Suga of Japan recommitted to “promoting the free, open, rules-based order, rooted in international law

2022.

⁹⁴ K. Murphy, “Albanese Meets Ukrainian Foreign Minister, Who Says It Will be a Joint Success When Russia Defeated,” *The Guardian*, November 12, 2022.

⁹⁵ Department of Foreign Affairs and Trade, Australian Government, “Russia Sanctions Regime,” <https://www.dfat.gov.au/international-relations/security/sanctions/sanctions-regimes/russia-sanctions-regime>.

⁹⁶ Rory Medcalf, “Australia Finds Its Way: How a Middle Power Prepared for Peril in the Indo-Pacific,” Danish Institute for International Affairs, November 22, 2022.

⁹⁷ Department of Foreign Affairs and Trade, Australian Government, “Australia-Taiwan Relationship,” <https://www.dfat.gov.au/geo/taiwan/australia-taiwan-relationship>.

⁹⁸ Claudia Long, “Albanese Says Australia Is Unlikely to Support Taiwan’s Push to Join CPTPP,” *ABC News*, November 18, 2022.

⁹⁹ Michael Smith, “Australia Reassures Taiwan over Trade Pact Entry,” *The Financial Review*, November 18, 2022.

¹⁰⁰ The White House, “Readout of President Joe Biden’s Meeting with Prime Minister Anthony Albanese of Australia,” November 13, 2022.

¹⁰¹ Daniel Hurst, “Almost Half of Australians Support Sending Troops to Help Defend Taiwan, Poll Suggests,” *The Guardian*, October 24, 2022.

and undaunted by coercion, to bolster security and prosperity in the Indo-Pacific and beyond.”¹⁰² All Quad nations participated in the RIMPAC exercises which were held from June to August 2022 and included approximately 25,000 personnel from a total of 26 countries.¹⁰³ Prime Minister Albanese and Foreign Minister Penny Wong flew to Tokyo for a Quad meeting just hours after assuming office in what was widely viewed as a demonstration of their government’s commitment to regional security and stability.¹⁰⁴ Prime Minister Albanese is to host the first leaders-level meeting of the Quad in Australia in 2023. President Biden’s planned visit to Australia for the Quad meeting will be his first to Australia as President. Prime Minister Albanese has invited President Biden to address a Joint Sitting of Parliament.¹⁰⁵

New Zealand. A core identity of the Australian military and broader Australian culture is the ANZAC legend. ANZAC refers to the Australia New Zealand Army Corps that fought together in World War I in places such as Gallipoli. The ANZAC experience at Gallipoli was central in helping Australia define its national identity independent of its status as part of the British Empire. Australia-New Zealand defense relations were formalized through the 1944 Canberra Pact and the 1951 ANZUS Treaty. The 1991 Closer Defence Relations (CDR) Agreement, which was revised in 2003, serves as a framework for bilateral defense ties between Australia and New Zealand.¹⁰⁶ Australian and New Zealand military forces have worked together to promote regional stability in places such as Bougainville, Timor-Leste, and the Solomon Islands. Australia and New Zealand are also linked through the 1971 Five Power Defence Arrangements, which also includes Great Britain and two other former British colonies, Malaysia and Singapore.

Japan. Australia has done much in recent years to develop its strategic relationship with Japan. Australia and Japan signed a Joint Declaration on Security Cooperation (JDSC) in 2007 and a Japan-Australia Economic Partnership Agreement in 2015. The JDSC established a regular 2+2 meeting of foreign and defense ministers. Australia and Japan also signed a Reciprocal Access Agreement in January 2022:

The Japan-Australia RAA will facilitate implementation of cooperative activities between the defence forces of the two countries and further promote bilateral security and defense cooperation. The agreement will also pave the way for an enhanced contribution by Japan and Australia to the peace and stability of the Indo-Pacific region.¹⁰⁷

One media report characterized the agreement as “a landmark, in the latest step to bolster security ties against the backdrop of rising Chinese military and economic might.”¹⁰⁸ Japan and Australia upgraded their Joint Declaration on Security Cooperation in October 2022. The new bilateral security agreement covers military, intelligence, and cybersecurity cooperation.¹⁰⁹ The growing defense cooperation with Japan will allow Japanese troops to train with Australian troops in Australia.¹¹⁰ Australia and Japan also strengthened critical minerals cooperation in October 2022

¹⁰² The White House, “Joint Statement From Quad Leaders,” September 24, 2021.

¹⁰³ Brad Lendon, “World’s Largest Naval Exercise to Include All 4 Quad Nations and 5 South China Sea Countries,” *CNN*, June 1, 2022.

¹⁰⁴ Phillip Corey, “Not So Fast, Albanese Tells China, as Quad Meets in Japan,” *Financial Review*, May 23, 2022.

¹⁰⁵ “World Leaders Meet in Sydney to Push Back on China,” *The Sydney Morning Herald*, December 1, 2022.

¹⁰⁶ Australian Government, Department of Foreign Affairs and Trade, “New Zealand Country Brief,” November 2008.

¹⁰⁷ Ministry of Foreign Affairs of Japan, “Japan-Australia Reciprocal Access Agreement,” January 6, 2022.

¹⁰⁸ “Japan, Australia Sign Defence Pact for Closer Cooperation,” *Reuters*, January 6, 2022.

¹⁰⁹ Rod McGuirk, “Japan, Australia Upgrade Security Pact Against China,” *Associated Press*, October 22, 2022.

¹¹⁰ Hamish Hastie, “Japanese Soldiers to Train with ADF After Historic New Security Agreement,” *The Sydney Morning Herald*, October 22, 2022.

“to help build secure supply chains for critical minerals, which are crucial elements of clean energy technologies needed to help both countries meet net-zero commitments.”¹¹¹

India. Past obstacles¹¹² to developing closer relations with India began to change with the signing of a deal to export uranium from Australia to India during a visit to India by former Prime Minister Abbott in 2014. This created an opening for an expansion of bilateral relations between the two nations.¹¹³ Prime Minister Modi made an official visit to Australia in November 2014, when he addressed a joint sitting of both houses of parliament. A Framework for Security Cooperation was established in 2014, and is based on “converging political, economic and strategic interests.”¹¹⁴ Bilateral defense relations are based on a 2006 memorandum on Defense Cooperation and a 2009 Joint Declaration on Security Cooperation. Strategic dialogues include annual Defense Policy Talks and an annual Track 1.5 Defense Strategic Dialogue.¹¹⁵ The Australia-India defence relationship now encompasses:

strategic dialogues, coordination, and information exchanges, including those involving third countries; military exercises involving ground, air, and especially maritime forces that reflect a growing degree of interoperability; military-to-military exchanges and training; and defence commerce and technological cooperation.¹¹⁶

Indonesia. Australia and Indonesia’s bilateral relationship has experienced periods of tension. These date back to Australia’s military deployment in support of Malaysia during Indonesia’s period of *Konfrontasi* in the mid-1960s. Australia, under the United Nations, also played a key role in assisting Timor-Leste to become an independent nation. The former Portuguese colony of Timor-Leste, located less than 400 nautical miles from Australia’s north coast, was occupied by Indonesia from 1975 to 1999. In 1998, diplomatic intervention by then-Prime Minister Howard prompted dialogue between Indonesian officials and East Timorese nationalists that resulted in an agreement to hold U.N.-supervised elections in 1999. On August 30, 1999, nearly 80% of Timor’s electorate voted to separate from Indonesia. Following the announcement of the result, anti-independence militias launched a campaign of violence. On September 15, 1999, the U.N. Security Council authorized the International Force East Timor (INTERFET) to restore peace and security and protect and support the U.N. mission personnel in East Timor. INTERFET operated under a unified command structure headed initially by Australia. Timor-Leste became independent in 2002.¹¹⁷ Australia and Timor-Leste now work together to establish arrangements for the exploitation of energy resources beneath the Timor Sea.

¹¹¹ Hon Madeleine King, Minister for Resources and Minister for the Northern Territory, “Australia-Japan Strengthen Critical Minerals Cooperation,” October 22, 2022.

¹¹² India’s concern over Indian students’ welfare in Australia, India’s fears that Australia might elevate its ties with China, and Australia’s reluctance to supply uranium to India were past obstacles to developing bilateral ties. See Rory Medcalf, “Problems to Partnership: A Plan for Australia-India Strategic Ties,” Lowy Institute Policy Brief, November 2009.

¹¹³ A. Pillalamarri, “Australian PM Visits India, Signs Nuclear Deal,” *The Diplomat*, September 6, 2014.

¹¹⁴ Australian Government, Department of Foreign Affairs and Trade, “Framework for Security Cooperation Between Australia and India 2014,” November 18, 2014, <https://www.dfat.gov.au/geo/india/Pages/framework-for-security-cooperation-between-australia-and-india-2014>.

¹¹⁵ Indian Ministry of External Affairs, “India-Australia Bilateral Relations,” August 31, 2017.

¹¹⁶ Australian High Commission, New Delhi, “Australia-India Relations,” https://india.embassy.gov.au/ndli/Australia-India_Relations.html.

¹¹⁷ “Australian PM Hints at Long-Term Military Presence in East Timor,” *BBC Monitoring Service*, June 19, 2003.

Australia's role in Timor Leste's independence movement was viewed negatively by many in Indonesia,¹¹⁸ but those concerns have moderated over time. Australia and Indonesia's cooperation on security matters is underpinned by the Lombok Treaty of 2006. The two nations also signed a Defence Cooperation Arrangement in 2012.¹¹⁹ Australia has focused on counterterrorism cooperation with Indonesia, following attacks against the Australian Embassy in Jakarta in 2004 as well as attacks which killed numerous Australians in Bali in 2002 and 2005. Australia and Indonesia signed a Comprehensive Economic Partnership Agreement in March 2019, which seeks to remove impediments to bilateral trade and improve access to each nation's services markets and improve investment between the countries.¹²⁰ Indonesian President Widodo addressed the Australian Parliament in February 2020. During their June 2022 meeting in Indonesia, Prime Minister Albanese and President Widodo affirmed their two nations' Comprehensive Strategic Partnership (CSP), which was launched in 2018.¹²¹ A plan of action for the CSP was signed during President Widodo's visit to Australia in 2020.¹²²

The Pacific Islands. Many in Australia view the Southwest Pacific as its "Near Abroad" and, as such, part of Australia's natural sphere of influence.¹²³ The South Pacific is an area of key strategic importance to Australia and Australia is the region's largest aid donor.¹²⁴ The Guadalcanal Campaign, in which 44,000 members of U.S. Armed Forces fought alongside allied forces from Australia, the United Kingdom, New Zealand Tonga and Fiji, was a key turning point of World War II in the Pacific.¹²⁵ The islands remain strategically significant for their location close to sea lanes that transit the Pacific Ocean.¹²⁶ More recently, the region has been subject to a number of shocks including natural disasters, ethnic conflict, challenges to democratic government, the rising influence of China, and the negative effects of climate change.¹²⁷ Australia has led peacekeeping efforts in the region, including in the Solomon Islands, in an effort to promote stability in the South Pacific.

Australia headed a multinational Regional Assistance Mission to the Solomon Islands (RAMSI) to restore order following ethnic tensions in the Solomon Islands in 2003. This was augmented in 2006 when Australia sent more troops to the Solomon Islands to quell rioting and violence.¹²⁸ RAMSI was established under the Biketawa Declaration and was supported by the members of the Pacific Islands Forum and led by Australia and New Zealand.¹²⁹ The Australian government

¹¹⁸ Australian Government, Department of Foreign Affairs and Trade, "Indonesia," <http://aid.defat.gov.au>.

¹¹⁹ Australian Government, Department of Foreign Affairs and Trade, "Indonesia Country Brief," <http://dfat.gov.au>.

¹²⁰ Australian Government, Department of Foreign Affairs and Trade, "Indonesia-Australia Comprehensive Economic Partnership Agreement," <https://www.dfat.gov.au/trade/agreements/in-force/iacepa/Pages/indonesia-australia-comprehensive-economic-partnership-agreement>.

¹²¹ Prime Minister of Australia, "Joint Communique: Indonesia-Australia Annual Leaders Meeting," June 6, 2022.

¹²² Australian Government, Department for Foreign Affairs and Trade, "Plan of Action for the Indonesia-Australia Comprehensive Strategic Partnership (2020-2024)," <https://www.dfat.gov.au/geo/indonesia/plan-of-action-for-the-indonesia-australia-comprehensive-strategic-partnership-2020-2024>.

¹²³ "Our Near Abroad: Australia and Pacific Islands Regionalism," Australian Strategic Policy Institute, November 2011.

¹²⁴ "Pacific Islands Remain Key Beneficiaries of ANZ Aid," Economist Intelligence Unit, May 27, 2021.

¹²⁵ U.S. Marine Corps, "Guadalcanal Campaign, WWII," <https://www.marforpac.marines.mil/Unit-Home/History/Pacific-Campaign-WWII/Guadalcanal-Campaign/>.

¹²⁶ G. Rachman, "Australia, China and the Judgement of the Solomons," *Financial Times*, December 5, 2022.

¹²⁷ Jenny Hayward-Jones, "The Pacific Islands and the World: The Global Economic Crisis," Lowy Institute, August 2009.

¹²⁸ John Kerin, "Flying Squad to Quell Solomons Riots," *Financial Review*, April 20, 2006.

¹²⁹ "Forum Secretary General Praises Success of RAMSI," *PACNEWS*, July 16, 2009.

expressed concerns about regional security when the Solomon Islands signed a security pact with China in April 2022, particularly about the possibility that the agreement could lead to a PRC security presence in the Solomon Islands. Solomon Island Prime Minister Manasseh Sogavare reportedly assured Australian Foreign Minister Penny Wong in June 2022 that there would be no persistent Chinese military presence in the Solomon Islands.¹³⁰

Congressional Interest

Congressional interest in Australia has focused on Australia's role as a key ally and trade partner of the United States. Australia also figures prominently in congressional oversight of the Administration's strategic policies toward the Indo-Pacific region and military construction in Australia. The bipartisan Friends of Australia Congressional Caucus also maintains an interest in bilateral relations with Australia.¹³¹ The co-chairs of the Japan, Australia and India Congressional Caucus stated in 2021 that

the Quad is taking critical steps to expand technological cooperation and military interoperability. In recent years, Japan, Australia, and India, along with countless other nations across the Indo-Pacific and beyond have all been the targets of attempted economic coercion from the People's Republic of China. The Quad is ideally positioned to build a blueprint for collective resilience against this type of aggression and assist others facing similar challenges.¹³²

An AUKUS Caucus Working Group was formed in 2022. The Working Group issued a press release welcoming the April 2022 update from the trilateral AUKUS partners.

The trilateral statement on the implementation of the AUKUS partnership is an encouraging update of the work done to date to translate that security agreement from a concept into real, tangible change.... The statement identifies key action components in the short-term focused on unmanned undersea capabilities and quantum computer technologies, AI, and hypersonics. For the long-term work on development of a nuclear-powered, conventionally armed submarine, the statement describes concrete steps to establish submarine basing, a nuclear-qualified workforce, and new submarine construction facility. The bipartisan AUKUS Working Group looks forward to connecting with key officials in the Administration and British and UK Embassies to sustain Congressional support for this critical effort.¹³³

¹³⁰ Eryk Bagshaw, "Sogavare Promises Wong No Persistent Chinese 'Military Presence' in Solomons," *Sydney Morning Herald*, June 17, 2022.

¹³¹ "Friends of Australia Caucus Lead Bicameral, Bipartisan Coalition in Pledging Support to Australia Amid Ongoing Bushfire Crisis," January 9, 2020.

¹³² Joaquin Castro, "Co-Chairs of Japan, Australia and India Congressional Caucuses Release Joint Statement on Heads of State Quad Summit," September 24, 2021.

¹³³ Congressman Joe Courtney, AUKUS Working Group Issues Statement as New Details of the Trilateral Defense Alliance Emerge," April 6, 2022.

Congress has a role in considering the transfer of sensitive nuclear technology for naval propulsion and may consider the implications of this for the United States' interests.

The Agreement between the UK and the USA for Cooperation in the Uses of Atomic Energy for Mutual Defence Purposes 1958, also known as the Mutual Defence Agreement (MDA), allows the United States and the UK to exchange nuclear materials, technology and information. It was the result of an amendment to post-war US non-proliferation law.¹³⁴

Australia is referenced in National Defense Authorization Acts and other legislation. In the 117th Congress, other recent passed and proposed legislation related to Australia includes

- S. 4718, the Australia-United States Submarine Officer Pipeline Act;
- S. 4404, the HARD ROCK Act of 2022, and H.Res. 1106, Expressing support for the Association of Southeast Asian Nations, its member states, and the United States-ASEAN Special Summit in Washington, DC, and reaffirming the commitment of the United States to continue to remain a strong, reliable, and active partner to ASEAN in the Indo-Pacific;
- S.Res. 611, A resolution expressing the sense of Congress that the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) continues to make an invaluable contribution to the United States and international security, and recognizing that the United States will seek a successful Ninth Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons;
- S. 3962, the Quad Critical Minerals Partnership Act, and H.Res. 994, Recognizing and reaffirming the strong relationship between the United States and the Pacific Islands;
- S. 2845, the Indo-Pacific Strategic Energy Initiative Act;
- S. 2792 the National Defense Authorization Act for Fiscal Year 2022;
- H.Res. 622, Commemorating the 70th anniversary of the signing of the Security Treaty among Australia, New Zealand, and the United States of America; and
- H.R. 3373, the Honoring OCEANIA Act, and H.R. 3524, the EAGLE Act.

¹³⁴ House of Commons Library, "UK-US Mutual Defence Agreement," October 20, 2014. For more information on nuclear aspects of AUKUS see CRS In Focus IF11999, *AUKUS Nuclear Cooperation*, by Paul K. Kerr and Mary Beth D. Nikitin.

Figure 2. Map of Australia



Source: Map prepared by Amber Wilhelm, CRS.

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