

Post-COVID-19 Prospects for Middle Power Australia: New Leadership in the Indo-Pacific?

The aftermath of COVID-19 presents a unique opportunity for Australia to pursue a 'middle power' approach to foreign relations with China. Australia was the <u>first to call</u> for an independent international inquiry into the World Health Organisation-led response to COVID-19. It mustered unanimous support for its proposal at the 73rd World Health Assembly to bolster infectious disease monitoring mechanisms in anticipation of future public health challenges.

In the leadership vacuum left by an increasingly disinterested and unpredictable United States, Australia seems ready to capitalise on its early success to actively champion multilateralism in the Indo-Pacific.

However, Australia's initiative is already challenged by China's perception that the call for a COVID-19 inquiry is <u>really a targeted political attack</u>, motivated by racial and national bias. Censure by the Chinese Embassy was quickly followed by a devastating 80 per cent <u>tariff on barley</u>, sparking fears of a trade war.

Managing China's perceptions is critical to any Australian 'middle power' diplomatic strategy, because China is Australia's largest two-way trading partner, and the barley tariff shows the real risk that China will economically retaliate against Australian actions that it cannot accept. Warmer strategic relations between India and Australia may exacerbate these risks if the Chinese Government perceives that Australia is building a new strategic order that excludes and contains China.

Multilateralism may itself be the answer. By enmeshing itself in regionally-rooted institutions with China, Australia commits to predictable and constructive engagement with China. China's ongoing commitment to the World Trade Organisation, despite recently losing a dispute against the European Union, demonstrates its recognition that multilateralism remains a cost-effective way of pursuing its interests. But at the same time, regional engagement offers an opportunity for Australia to diversify its trade and strategic connections to mitigate the impacts of Chinese economic retaliation.

Building layers of interconnection may be the crucial diplomatic buffer Australia needs advance its leadership ambitions without appearing to sideline China.

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