

# Australia's Strategic Hedging in the Indo-Pacific: A Neoclassical Realist Analysis of RCEP and AUKUS

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## ABSTRACT

*Hedging will continue to remain as the linchpin between Australia and China amidst this complex geopolitical environment of the Indo-Pacific. This paper delves into the details of this approach, namely Australia's participation in the Regional Comprehensive Economic Partnership (RCEP) and the AUKUS pact, through neoclassical realism. The researcher reflects on how leadership styles and domestic political pressures influence the Australian approach towards China. Second, it explains the factors related to the increasing geopolitical role in the Indo-Pacific and how they affect Australian foreign policy. The study foregrounds the strategic rationale for Australia's economic and security maneuvers, underlining leadership and internal dynamics in steering foreign policy. Examining the policy documents, speeches, and academic discourses of these policymakers uncovers the intricate calculations by Australia to attempt to reconcile its economic interests with security needs in a dynamic regional order. The study provides an in-depth view of leadership's role in facing the trials and opportunities that arise due to China's rise and furthering the deepening of the discourse on state behavior in international relations.*

**Keywords:** Australia, China, RCEP, AUKUS, Neoclassical Realism

*Hedging akan terus menjadi kunci utama antara Australia dan Tiongkok di tengah lingkungan geopolitik yang rumit di Indo-Pasifik. Tulisan ini membahas pendekatan tersebut secara rinci, yakni partisipasi Australia dalam Kemitraan Ekonomi Komprehensif Regional (RCEP) dan pakta AUKUS, dengan menggunakan sudut pandang realisme neoklasik. Penulis merefleksikan bagaimana gaya kepemimpinan dan tekanan politik dalam negeri berinteraksi untuk membentuk pendekatan Australia terhadap Tiongkok. Kedua, tulisan ini menjelaskan faktor-faktor yang berkaitan dengan peningkatan peran geopolitik di Indo-Pasifik dan pengaruh faktor-faktor tersebut terhadap kebijakan luar negeri Australia. Studi ini mengedepankan alasan strategis untuk manuver ekonomi dan keamanan Australia, menggarisbawahi kepemimpinan dan dinamika internal dalam mengarahkan kebijakan luar negeri. Kajian terhadap dokumen kebijakan, pidato, dan wacana akademis para pembuat kebijakan dapat digunakan untuk menelusuri perhitungan Australia yang rumit dalam penyesuaian kepentingan ekonominya dengan kebutuhan keamanan dalam dinamika tatanan regional. Penelitian ini memberikan pandangan mendalam tentang peran kepemimpinan dalam ketahanan dan menanggapi peluang yang muncul akibat kebangkitan Tiongkok sekaligus memajukan pendalaman diskursus tentang perilaku negara dalam hubungan internasional.*

**Kata-kata Kunci:** Australia, Tiongkok, RCEP, AUKUS, Realisme Neoklasik

## **The Evolution of Australia-China Relations**

The diplomatic bond between Australia and China is undergoing rapid change, which requires cooperation between these two nations with vastly different cultural and political backgrounds. Historically, Australia's foreign policy has been influenced by the preferences of major Anglophone superpowers, including Great Britain, which shaped the United States' actions. The current threat generated by China's ever-increasing influence brings this alignment into question, forcing Australia to redefine its geopolitical strategy, one of which is forming AUKUS in 2021 (The United States Government 2021). China's negative response to AUKUS, perceiving it through a Cold War perspective and as a threat to efforts aimed at nuclear non-proliferation, highlights the geopolitical strife related to this initiative. Chinese officials have accused the AUKUS partners of undermining global trust and escalating arms races, adding complexity to the already contentious security dynamics in the Indo-Pacific (The Asahi Shimbun 2023).

Nevertheless, Australia still holds significant economic ties with China despite ongoing issues and concerns (Australian Embassy China n.d.; Australian Government 2017). Australia's involvement in the Regional Comprehensive Economic Partnership (RCEP) adds another layer of complexity to the Asia-Pacific region amidst global challenges and enmity between significant powers such as the US and China (Armstrong & Drysdale 2013; Petri & Plummer 2019).

Australia's strategic relations with China are characterized by a balancing act between economic interdependence and security concerns, proven by Australia's participation in RCEP and AUKUS. The former represents a move towards regional economic integration. At the same time, the latter indicates a strategic shift towards bolstering security ties with traditional Western allies in response to perceived threats, including human rights and trade practices. This dual approach challenges traditional theories of International Relations, such as the balance of power. Suggesting a more nuanced understanding is needed to explain state behavior, which is not static and cannot be easily categorized as either balancing or bandwagoning (Goldstein 1991). Consequently, this situation raises a critical question: "How does Australia reconcile these seemingly contradictory strategic policies within the 2020-2021 timeframe?"

This paper focuses on the specific implications of the RCEP and AUKUS agreements, contrasting these with broader analyses such as Gill's (2023) study of the Australia-China relationship through neoclassical realism. This study compares these agreements with general trends and explores their unique challenges, including RCEP's market access issues and AUKUS' implications for regional power dynamics. This research limits the examination of Australia's seemingly contradictory strategic policy during 2020-2021, contributing to a more nuanced understanding of its foreign policy dynamics.

The literature review for the study contains information that was derived from the significant contributions of Bisley et al. (2022), Chan (2020), and Farneubun (2022). Each offers valuable insights into Australia's strategic posture and relationship with China. Bisley et al. provide an understanding of Australia's foreign policy, which navigates issues such as the shifting global power balance and the pursuit of redistributive policies. Chan critically examines the basis for Australia's hedging strategies in the Indo-Pacific, highlighting the strategic calculus behind its engagement with regional powers and alliances. Farneubun offers a realist perspective on the dilemmas posed by Australia's economic and security interests in the context of China's rise.

This research differs by focusing on the specificities and implications of recent developments in Australia's foreign policy, mainly through the lenses of RCEP and AUKUS. The novelty of this research lies in its comprehensive application of neoclassical realism to analyze Australia's nuanced foreign policy towards China, specifically through the AUKUS and RCEP frameworks. In contrast to classical realism, which can oversimplify systemic factors (Morgenthau 1985), and liberalism, which may neglect the intricacies of state actions (Keohane & Nye 1987), neoclassical realism provides a more balanced viewpoint. It considers the influence of international pressures and domestic political processes, including leadership perceptions and societal expectations, as Rose (1998) emphasized. Contrary to the research studies that use the lens of structural realism and liberalism, this research also focuses on leadership as a significant variable in foreign policy decisions. The historical context of Australia-China relations can assist political scientists in comprehending Australia's strategic decisions in reaction to China's rise. This is an additional rationale for the research; it challenges traditional realist interpretations of foreign policy outcomes that focus primarily on military and strategic concerns as the prime contributors to foreign policy orientation.

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The main argument of this research is that leadership, explicitly through strategic choices and perceptions, is the most crucial variable in shaping Australia's foreign policy towards China. This research argues that Australian leaders' perceptions of China's rise, their interpretation of systemic pressures, and responses to domestic and international factors critically determine the trajectory of Australia-China relations. Through a detailed analysis of Australia's strategic maneuvers within the AUKUS and RCEP frameworks, the study illustrates how leadership perceptions—ranging from threat assessments to economic opportunities—play a pivotal role in navigating the complexities of bilateral ties.

Leadership theory is crucial for understanding the role of individual leaders in navigating these complex dynamics. Hudson (2005) emphasizes that leaders actively interpret and shape the domestic and international pressures they face. Their beliefs, personalities, and perceptions are pivotal in crafting foreign policy decisions, underscoring the significant impact of leadership on a nation's diplomatic course.

Furthermore, the strategy of hedging in international relations, particularly relevant in the Asia-Pacific's uncertain strategic environment, is thoroughly analyzed. Cheng-Chwee (2008) describes hedging as a strategy for smaller states to maneuver between major powers, safeguarding their interests without full commitment to any bloc. This concept is essential for understanding Australia's approach to balancing economic engagements with China through RCEP and security alignments via AUKUS amidst rising geopolitical tensions.

The impetus for this research is to explore the intricate dynamics of Australia's foreign policy towards China, using neoclassical realism with a specific focus on leadership perceptions. This topic addresses a significant gap in current academic discourse, offering a nuanced exploration of how individual leaders' interpretations and strategic decisions influence a nation's diplomacy, particularly in the context of economic interdependence and strategic rivalry in the Indo-Pacific.

Several key objectives drive the research: (1) to analyze the impact of leadership perceptions within the neoclassical realism framework; (2) to elucidate the complex relationship between Australia and China; and (3) to contribute to understanding how leadership psychology affects state behavior and policy outcomes.

This paper aims to present a cohesive analytical framework that integrates neoclassical realism, leadership theory, and the concept of hedging. It is essentially designed to allow for a more substantial exploration of Australia's foreign policy toward China in a transformed geopolitical context in the Indo-Pacific region. The pivot point of this framework is neoclassical realism, which explains how domestic political situations interplay with international systemic pressures to affect a nation's foreign policy.

As Rose (1998) writes, although a country's foreign policy ambitions can be materially shaped, the interpretation and implementation of these powers are very much driven by internal factors, such as state structure and leadership perceptions. Therefore, consideration should be given to the external and internal dynamics of foreign policy analysis. This qualitative study will trace Australia's foreign policy towards China, delving into the nuances of its hedging strategy from a neoclassical realist perspective. It allows an understanding of the depth and complexity of diplomatic strategy, leadership perceptions, and policy motivations within the intricate geopolitical landscape of the Indo-Pacific region. This approach is well-suited to analyze the rich, contextual, and multifaceted nature of international relations and is likely to be ideal, according to Lamont (2021).

Data collection will primarily utilize internet-based research and content analysis. These methods provide access to a wide range of current and historical data, allowing for a comprehensive examination of Australia's diplomatic engagements and strategic decisions. Internet-based research enables the exploration of diverse digital sources, including government websites, reputable news outlets, academic journals, and expert commentary. Content analysis will systematically examine communication content, identifying themes, patterns, and shifts in discourse over time. This method will be instrumental in evaluating the framing of policy decisions, media portrayal of bilateral relations, and the alignment of public statements with underlying strategic objectives.

Collectively, these methods will serve as the foundation for the research's data-gathering approach, guaranteeing a comprehensive and detailed insight into the elements influencing Australia's policy regarding China. The qualitative exploration will highlight the strategic rationale behind economic and security maneuvers, emphasizing the pivotal role of leadership perceptions and domestic dynamics in steering foreign policy directions.

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The analysis will employ a thematic study to draw meaningful insights from the collected data, focusing on recurrent themes and divergences in policy approaches across different leadership tenures. This process aims to elucidate the complex calculations underpinning Australia's efforts to balance economic interests with security needs in a rapidly changing regional order.

### **Neoclassical Realism and Australia's Foreign Policy**

Neoclassical realism is a theoretical approach synthesizing classical realist concerns about the centrality of power and survival with insights from domestic political factors and leadership perceptions. This framework accentuates that state behavior in the international system is shaped by structural constraints—such as power distribution—and internal factors like domestic political institutions, cultural orientations, and leadership dynamics (Rose 1998). Dissimilar to structural realism, which assumes states' direct and automatic response to systemic pressures, neoclassical realism posits that state leaders interpret and respond to external threats and opportunities through the lens of domestic constraints and motivations (Ripsman et al. 2016).

Australia's strategic diplomacy is deeply influenced by neoclassical realism. It reflects a sophisticated approach to navigating its relationship with China. Under Prime Minister Scott Morrison's administration, Australia adopted a more assertive stance at the multilateral level, driven by adjustments to the evolving global power structures (Arti 2024). This period exemplifies Type III Neoclassical Realism, underlining the interplay between systemic pressures and domestic political considerations in shaping foreign policy (Ripsman et al. 2016). The economic foundation of Australia-China relations, specifically in vital commodities like iron ore and liquefied natural gas (LNG), underscores the complexity of their interdependence. Despite these ties, political frictions necessitate a balanced approach, reflecting neoclassical realism's focus on economic interests as crucial drivers of foreign policy (Department of Foreign Affairs and Trade 2021).

Australia's diplomatic relationship with China unfolded in tune with the geopolitical dynamics. Since Prime Minister Gough Whitlam recognized the People's Republic of China to current security challenges, Australia's foreign affairs policies have

developed due to changing international and national pressures (Whitlam Institute 2021). The AUKUS agreement illustrates Australia's strategic hedging in an uncertain global context, a key concept in neoclassical realism that underscores its foreign policy approach (Koga 2018).

Lebiecka (2023) further examines the complexities of Australia-China relations, highlighting the evolution of bilateral ties and Australia's strategic responses to China's assertive regional policies. This analysis supports the utility of neoclassical realism in understanding how Australia balances economic interests with security concerns, demonstrating a nuanced approach to safeguarding national interests amid China's growing influence (Lebiecka 2023). The persistent challenges of economic coercion and foreign interference compel Australia to seek diplomatic avenues and economic diversification. This multifaceted strategy underscores the relevance of neoclassical realism in navigating the intricate dynamics of Australia's foreign policy, emphasizing the delicate balance between domestic imperatives and the international order (Gyngell 2019).

### **Economic Engagement and Security Concerns**

By the early 2010s, with the expansion of China's GDP, the country had emerged as the second-largest economy globally, redirecting its economic focus to Asia. In 2011, China emerged as Australia's largest trading partner, with significant trade in key commodities such as iron ore and coal supporting China's industrial growth (Productivity Commission 2010; Andrew 2012; Morrison 2019).

This economic interdependence raised strategic concerns for Australia as its economic well-being became more reliant on China's economic situation (Reilly 2012). Nevertheless, trade between the two countries thrived, exceeding AUD 100 billion, highlighting Australia's key position as an important iron ore and LNG provider. Despite the ongoing political tensions, the interdependence in these markets made extreme actions like Beijing reducing its iron ore imports unlikely. However, incidents like the Chinese port's refusal of Australian coal cargoes in 2019 (potentially politically motivated) highlighted the vulnerabilities in this economic relationship (McGregor 2019).

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Critics, including Quiggin in *Zombie Economics*, oppose Australia's significant economic engagement with China and advocate diversifying trade relationships to reduce dependence (Quiggin 2012). The Australian Trade and Investment Commission's (Austrade) 2015 report emphasized China's influential role in Australia's export market, drawing historical comparisons to Britain's importance in the early 1950s and noting Australia's substantial export volume to China in 2013 (Thirlwell 2015).

Regardless, the deterioration of political relations has heightened concerns about potential economic pressures from Beijing, primarily as Australian exports heavily depend on the Chinese market. While fears of widespread sanctions might be premature, the complex interconnections and market dynamics suggest limits to Beijing's influence (McGregor 2019). Dating back to the late 19th century, the longstanding perception of a "China threat" in Australia adds another layer to this complex relationship, reflecting deep-seated anxieties and strategic calculations (Mackerras 2011; Goodman 2017).

Australia has maintained a cautious approach to China's expanding influence in contrast to significant economic dependencies. This caution is evident in legislative actions, such as those passed in June 2018, and the fluctuating nature of Australia-China relations under various administrations. While initial tensions often lead to strategic engagement, the overall trajectory reflects a careful balancing act between economic cooperation and security concerns (Goodman 2017).

China's broader regional ambitions and influence tactics have raised concerns about foreign interference, with Australia's security agencies noting heightened activity levels comparable to the Cold War era. In response, Australia has advocated for an independent Indo-Pacific foreign policy, sometimes diverging from China's strategic goals (Medcalf 2018).

Concerns about dependence on trade with China are widespread in Australia, with public opinion reflecting the divisive opinions that espouse both the opportunities and challenges caused by China's rise. Chinese investment, specifically in the mining sector, is viewed ambivalently, with fears of economic domination juxtaposed against the benefits of sustaining Australian industries and jobs. Australia's position within the Western sphere, mainly its



partnership with the United States, is juxtaposed with its economic interactions with China. This situation prompts demands for a balanced strategy that protects national interests while fostering positive relations with China and other neighboring powers (Mackerras 2011; Gyngell 2019).

Confidence and positive sentiment towards China have declined in Australia, with prominent concerns over economic dependency and domestic affairs interference. The diverse views within the Chinese Australian community further highlight the complexities of engagement with China, reflecting broader debates about Australia's foreign policy direction amid shifting global dynamics and China's internal challenges (Gyngell 2019).

### **The Hedging Strategy in Australia-China Relations**

During the Cold War, Australia's foreign policy was heavily influenced by its alliance with the United States, formalized through the ANZUS (Australia, New Zealand, and United States) Treaty of 1951. Australia closely aligned with American-led containment efforts, engaging in wars such as those in Korea and Vietnam (Bell 1988). Australia's approach to hedging vis-à-vis China demonstrates the adaptability of international relations and highlights the necessity for policies that balance economic interests with security issues.

This approach became salient during the tenure of Prime Minister Gough Whitlam in 1972, who took the critical decision to recognize the People's Republic of China. It marked a significant shift in Australian foreign policy. This decision has permitted Australia to act more independently in diplomatic affairs while pursuing its economic interests (Whitlam Institute 2021). Nonetheless, the post-Cold War era has introduced an additional challenge: China's rise to global power requires an Australian review of its foreign policy.

Australia has developed a strong alliance with the US but has also highlighted the need to set a more subtle relationship with China. The 1996 Sydney Statement during the Taiwan Strait Crisis exemplifies the beginning of an explicit hedging strategy, balancing security ties with the US and the economic opportunities presented by China's rise (Edwards 2005).

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Recently, Australia's hedging strategy has been articulated through policy statements and actions that reflect a deliberate dual approach. Even though "hedging" was not used as a term in the 2017 Foreign Policy White Paper, the urgency of safeguarding their economic and strategic interests by diversifying their international relationships was discussed (Department of Foreign Affairs and Trade 2021). This policy manifests regional economic initiatives and security arrangements that include RCEP, AUKUS, and QUAD (Lee 2020).

The COVID-19 pandemic has intensified the urgency of Australia's foreign policy. Beijing's economic pressure following Canberra's request for an independent probe into the origins of the coronavirus intensified the already existing efforts by Australian policymakers to counterbalance China. The impact of these paradoxically punitive economic sanctions has, in some sense, benefited Australia and increased its influence in the Indo-Pacific. Therefore, it has become evident that trade relationships need to be reevaluated while strengthening domestic cohesion. Support from similar-minded partners also contributed to this newfound sense of confidence. Even though Australia is shifting towards assertiveness, it is also a growing realization that interaction cannot be eschewed. China remains to be the most significant trading partner of Australia. Thus, managing the relations with a balanced attitude becomes crucial to better addressing existing complications (Xue 2023).

Australia's hedging strategy aims to manage three core risks: (1) overreliance on China for economic growth; (2) the potential for China's political and military dominance in the region; and (3) the risk of diminished US strategic commitment. Chan (2020) argues that presenting a binary choice between the United States and China is a false dilemma. Instead, strategic hedging allows Australia to engage constructively with both powers while fostering deeper relations with other middle powers in the Indo-Pacific, such as Indonesia, Japan, and South Korea. This approach seeks to diversify Australia's economic and security engagements, reducing vulnerability from any external relationship and enhancing its ability to navigate uncertainties.

The Regional Comprehensive Economic Partnership (RCEP), primarily shaped by China's regional economic ambitions, demonstrates China's expanding influence in the Asia-Pacific. Despite its complex relationship with China, Australia's choice to

participate in RCEP underscores the economic realities of the area. Australia cannot overlook China's strong economic influence, as it is its biggest trading partner. By actively participating in the trade agreement, Australia aims to contribute towards implementing policies that promote regional economic stability and prosperity. The RCEP agreement is projected to deliver significant global income gains by enhancing supply chains and manufacturing productivity. It underscores its importance for Australia and the entire region (Crivelli & Inama 2022). Additionally, diversifying trade through RCEP helps mitigate reliance on a single market, a strategy further supported by Petri & Plummer (2019), who highlight the modest but meaningful economic benefits despite existing liberal trade policies.

Conversely, AUKUS demonstrates Australia's increased strategic awareness concerning security issues in the Indo-Pacific, particularly China's military growth. Strengthening alliances with traditional partners and intensifying collaboration on new defense technologies—notably nuclear-powered submarines—will hopefully build up regional deterrence for Australia. This alignment is a calculated response to the assertive policies of the People's Republic of China, crafted to ensure regional security and stability while avoiding exacerbating geopolitical tensions (Pushedin 2022).

RCEP and AUKUS exemplify a two-pronged foreign policy stance, indicating a sophisticated understanding that economic prosperity and security are mutually reinforcing rather than competing priorities. This approach reflects a nuanced appreciation of how economic opportunities and strategic vulnerabilities interact to optimize Australia's position relative to both. According to Ding (2023), this dual approach demonstrates Australia's strategic foresight in navigating the complexities of global interdependence and regional security dynamics, contributing to a stable and prosperous Indo-Pacific region.

### **Leadership's Role in Shaping Foreign Policy**

In international relations, leadership extends beyond individual decision-makers to encompass collective traditions, values, and behavioral patterns within a nation regarding the use of force and diplomatic engagement. This broader understanding includes

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strategic culture, state-society relations, and domestic institutional arrangements, offering a comprehensive view of how foreign policy is formulated and implemented (Booth 1990; Ripsman et al. 2016).

Various Australian Prime Ministers have adopted different approaches to the hedging strategy concerning China. Kevin Rudd was more economically cooperative than Julia Gillard and Tony Abbott, who took a harder line on Chinese cybersecurity aggression issues (Packham 2020). Malcolm Turnbull and Scott Morrison have further nuanced the negative perception toward China, flagging human rights abuses and calling for inquiries to determine the Wuhan laboratory's role in the COVID-19 outbreak (Packham 2020).

The impact of Australia's hedging strategy is particularly evident in trade relations. The year 2020 saw a surge of such tensions from China with its imposition of tariffs and bans on Australian products, which caused a substantial economic loss to Australia (ABC News 2020). Such tensions would inherently pose complications in cases of hedging; Australia must find the balance between assertion of sovereignty and economic dependence on China while aligning with security frameworks led by the United States.

Australia's evolving relationship with China exemplifies the multifaceted role of leadership. The influence of leadership perspectives and strategic decisions highlights various changes in Australia's foreign policy, ranging from Kevin Rudd's initiatives to enhance diplomatic and economic relationships to the more recent hedging strategies in response to China's assertive actions in the Indo-Pacific (Schörnig 2010). The formation of the AUKUS security pact and participation in the RCEP highlight Australia's nuanced strategy of balancing economic interests with security concerns. These decisions reflect a complex interplay where leadership style, political ideology, and strategic culture intersect with systemic pressures and domestic political dynamics to shape foreign policy (Farneubun 2022; Gill 2023).

The country's policy has evolved with changing leadership styles, domestic priorities, and international pressures. Woodard (2013) examines the decision-making processes that prompted Australia to participate in the Vietnam and Iraq conflicts, highlighting the pivotal role of leadership choices in these military actions. This study accentuates the importance of transparent, informed,

and deliberative government processes in international conflict situations, reflecting the profound impact of leadership on foreign policy and the need to learn from past experiences to guide future decisions.

A diplomatic and engagement-focused approach towards China marked Kevin Rudd's tenure. Fluent in Mandarin and deeply understanding of China, Rudd advocated for a "*Zhengyou*" or critical friend approach, aiming to engage China on complex issues while offering constructive criticism (Rudd 2006). This approach underscored a belief in diplomacy and multilateralism as tools for managing the intricate Sino-Australian relationship.

In contrast, Tony Abbott's leadership exhibited a more domestically focused and pragmatic approach. Abbott's "more Jakarta, less Geneva" policy signaled a shift towards regional engagement over global multilateralism, reflecting a strategic recalibration of Australia's foreign policy priorities (McDonald 2015). Tony Abbott's call for "more Jakarta and less Geneva" underscores a preference for *realpolitik* and direct engagement with the Asia-Pacific region over international norms and multilateral diplomacy (9News 2012). This perspective reveals that a specific foreign policy approach prioritizes Australia's national interests within its immediate geopolitical environment. His tenure highlighted the complexities of balancing economic ties with China against a strategic alliance with the United States, emphasizing the intricate influence of leadership on foreign policy. Described as 'engage and hedge,' the Abbott government's approach to China sought to manage economic relations and regional security in parallel. While pursuing free trade agreements with China and improving military alliances with the USA and other regional powers, this approach had limitations. Some have described the approach as containing contradictory viewpoints for the future of the Asia-Pacific that eventually would require resolution (The China Story n.d.).

The contrasting leadership styles of Rudd and Abbott emphasize neoclassical realism's assertion that domestic-level variables significantly influence state behavior on the international stage. These variables, including leadership perceptions and strategic cultural frameworks, shape the policy pathways chosen by states in response to international system pressures (Ripsman et al. 2016). Australia's strategic culture, influenced by its historical alliances and regional engagement, provides a foundational context for these leadership decisions. This culture shapes the perception of threats

and opportunities, guiding leaders' responses to international pressures and the complex dynamics of Australia's relations with China.

## **Conclusion**

Australia's membership in both RCEP and AUKUS is an example of pragmatic and nuanced foreign policy. It illustrates how the nation can benefit from economic prospects in China and the Asia-Pacific while alleviating specific security issues by maintaining its longstanding alliances.

A balanced strategy allows Australia to manage the complex dynamic of regional and global politics to secure its interests within the Indo-Pacific region. Therefore, it can contribute positively to the stability and prosperity of the entire region. It operates firmly within the theoretical framework of neoclassical realism, where leadership and strategic choices become critical in affecting foreign policy through interacting factors, including domestic political dynamics, leadership style, and strategic culture.

However, this analytical framework invites further reflection. While neoclassical realism provides valuable insights into the interplay between systemic pressures and domestic influences on foreign policy, forthcoming research could explore the impact of global economic shifts, technological change, and non-state actors on Australia's strategic decisions. Further exploration could also examine how emerging security threats and changing international alliances challenge the balance between economic and security objectives.

Given the dynamic nature of international relations and the increasing importance of multidimensional strategies, this study and future research should remain relevant to related cases or topics. A more comprehensive research agenda could integrate perspectives from international political economy and security studies, providing a complete understanding of how states navigate global interdependence and strategic competition.

Comparative studies with other countries facing similar dilemmas could offer valuable insights into states' diverse strategies to pursue their national interests in an ever-changing geopolitical landscape.

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This author is not influenced by any individuals, groups, institutions, state or non-state actors, whether through financial means or otherwise, in the creation process of this journal.

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