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Disclaimer: The views expressed below by Councillors and interns are their own. The Australian Institute of International Affairs New South Wales does not take policy positions. | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  | | --- | --- | --- | | |  | | --- | |  | | [**Domestic Division Is Dragging Down US Indo-Pacific Policy**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=ca2e81d6ff&e=84738c8dae)  President Biden’s sudden cancellation of planned visits to Australia and Papua New Guinea in favour of debt ceiling negotiations at home inspired criticism from many. In Foreign Policy, Blake Herzinger [**laments**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=12e03ee909&e=84738c8dae) that prioritising chaos in Washington leaves Asian allies “neglected" - certainly, questions of US reliability date back to the Trump administration and are slow to abate. Herzinger correctly points out that, as competition with China intensifies, showing up for partners - particularly in the contested Pacific - grows only more important. But those agonizing over the President’s decision should be comforted by the administration’s unusually dedicated senior official diplomacy in the Indo-Pacific over the past two years. That Biden showed up for the G7 summit in Tokyo, and that he has sustained a nearly unblemished attendance record at regional summits to date, shows the high priority placed on regional partnerships. Frankly, failed negotiations over the US debt ceiling and potential spending cuts stand to be far more costly for American strategy in Asia than one cancelled trip.    Image credit: [**The White House**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=6bb1c7a6df&e=84738c8dae) | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  | | --- | --- | | |  | | --- | | This article was selected by Alice Nason. Alice is a Research Associate at the United States Studies Centre and was previously a Research Fellow at the Washington DC-based Global Business Policy Council. She holds a Bachelor of Arts and Advanced Studies in Politics, International Relations and American Studies with First Class Honours from the University of Sydney. | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  | | --- | --- | --- | | |  | | --- | | A group of people sitting at a table with flags  Description automatically generated with medium confidence | | [G7 Takes a Stand Against China's "Economic Coercion"](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=07042cd27c&e=84738c8dae) Tessa Wong [**discusses**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=db1c651e68&e=84738c8dae) the significance of statements made by G7 leaders about ‘economic coercion’ for the BBC. Her analysis describes the difficult balancing act for G7 countries, as their economies have become dependent on China’s trade at the same time as US competition with China has increased. This is particularly worrying for the G7, Wong argues, as China's rising sanctions have been a concern for the international community. She describes it as unsurprising that the G7 would condemn the ‘weaponisation of economic vulnerabilities’ in this context. However, leaders were careful to not directly point the finger at China, and deliberately avoided the language of ‘decoupling’ or ‘turning inwards’, instead preferring to describe the approach as ‘de-risking’, through technology export restrictions. Chinese state media looks to have anticipated commentary of this nature, and accused the G7 of ‘smearing and attacking’ China, after lodging a complaint with Japan. While it is yet to be seen what collective actions will be taken by G7 countries, Indo-Pacific and China expert Andrew Small has [**praised**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=77e6b8c981&e=84738c8dae) the statements as having a ‘feel of real consensus’.   Image credit: **[Palácio do Planalto](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=e400b9f78a&e=84738c8dae" \t "_blank)** | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  | | --- | --- | | |  | | --- | | This article was selected by Isabel Freudenstein. Isabel graduated from a Bachelor of Art and Bachelor of Advanced Studies at the University of Sydney with a First Class Honours in International Relations. Isabel is currently studying a Juris Doctor at the University of Sydney. | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  | | --- | --- | --- | | |  | | --- | |  | | [**Who Started the Trade War with China?**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=5261d9de93&e=84738c8dae)  John Menadue in his article “Who started the trade war with China?" raises some interesting [**discussion**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=8266d6be03&e=84738c8dae) points which clearly demonstrate the dichotomy we have managed to get ourselves into.  He begins by raising the issue of complete bias in the reporting of actions by our media which he terms as White Man’s Media almost totally consumed by anti-China biases, and he points out that it has been in existence for almost 10 years. It has had a disastrous effect on our trade relations, and it has allowed us to have very strong anti-Chinese sentiments and actions at the same time as we are currying favour as a trading partner, a situation which cannot continue. This paranoia started when we began anti-dumping actions on Chinese products back in 2016/17, and it grew from there into anti-Chinese laws [remember Huawei?]. The crowning glory was Scott Morrison implying that the Chinese had developed and spread the Corona Virus.  It was during 2020 that the Chinese began imposing quotas on a range of our products, and all the while China was backing away from our products, the USA was very quickly, and quietly, filling the gap that we were leaving. Our media was very quiet about this. It is hoped that the present action being taken by the Australian government will get the Australia China trade back onto a sensible footing, but of course that is not in the interests of the USA, which has the means and experience to thwart such a move.  We certainly want good access to the Chinese market, and this is what our Trade and Foreign Ministers are working towards, while our Defence Minister has been decrying the Chinese as a threat - a contradictory situation which cannot be sustained.  Image credit: [**G**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=a8241f6681&e=84738c8dae)[**ary Lerude**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=94837b6185&e=84738c8dae) | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  | | --- | --- | | |  | | --- | | This article was selected by Glen Robinson. Glen is a co-founder and director of Asean Focus Group which was formed in 1990 to provide advice and assistance to those organisations which wished to take a commercial presence primarily in ASEAN, but also other Asian countries. Glen is a director of the Australia Thailand Business Council and a Councillor of the Australia Institute of International Affairs NSW. | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  | | --- | --- | --- | | |  | | --- | |  | | [**Australia, China and the United States**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=41a724b6f5&e=84738c8dae)  Peter Varghese, Chancellor of the University of Queensland and former secretary of the Department of Foreign Affairs and Trade and director-general of the Office of National Intelligence - hardly a firebrand radical - has written an eloquent, balanced [**analysis**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=837d23df4e&e=84738c8dae) in the Australian Financial Review of our strategic situation, warning against identifying with American national interests in its competition with China instead of pursuing Australia's own security and economic needs. Key judgments include:   * Maintaining global US primacy and denying regional primacy to China remains the bedrock of strategic thinking in the United States.   + Australia has done well out of US primacy. It has underpinned our security and the security of our region since World War II.   + It created the strategic breathing space which enabled the Asian growth story including the spectacular economic growth of China. * So, why would we not get full square behind every effort to preserve US primacy? Aren’t our interests here closely aligned, if not identical?   + The policy problem for Australia is not the historical benefit of US primacy but the future collateral damage to Australia’s interests from the policy missteps that may arise from the determination of the US to preserve its primacy.   + The largest risk is that the US will come to believe that preserving its primacy requires it to thwart China’s rise, rather than manage China’s rise.   Australia's prosperity and security require good trade and diplomatic relations with China.    Image credit: [**Territory of American Canada**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=77877337ed&e=84738c8dae) | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  | | --- | --- | | |  | | --- | | This article was selected by Ian Lincoln, President of AIIA NSW since 2017. Ian was in the Department of Foreign Affairs for 33 years including postings in Asia, Africa, Europe and the Pacific. He was later an appellate member of the Refugee Review Tribunal and has worked in a number of community organisations. | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | |  | | --- | | **From the Interns** | | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  | | --- | --- | | |  | | --- | | In addition to our Councillors' recommendations, we invited our interns to share with you what they have found insightful or interesting in the world of international affairs over this week. This week Ella Whitehurst draws our attention to Australia's overlooked strategic relationship with New Zealand while Ryan Lung shares an article dispelling speculation that the US dollar is in decline as the world's reserve currency.  Disclaimer: The views expressed below by Councillors and interns are their own. The Australian Institute of International Affairs New South Wales does not take policy positions. | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  | | --- | --- | --- | | |  | | --- | | A person looking at a poster  Description automatically generated with low confidence | | [Remembering Australia's "Other" Alliance](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=979f79b886&e=84738c8dae) Current strategic discussions in Australia are appearing to overlook New Zealand despite the long history of trans-Tasman ties, [**write**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=4aad91da8c&e=84738c8dae) Wallin and Powles for The Interpreter. Australia’s defence relationship was first formed with New Zealand during WWI, and it was formalised during 1944 and in the 1951 ANZUS Treaty. The relationship also extends beyond defence to trade, travel, health, social security and many other arrangements. However, the AUKUS deal highlights the under-appreciation of the partnership at the political level, and New Zealand has made it clear that no nuclear submarines will be allowed in New Zealand waters. AUKUS has also brought to light tensions within each country regarding the best approach to deal with changing regional dynamics. Australia and New Zealand have each acknowledged the complexities of their respective relations with China in most political and economic areas, but also focus on competition within the defence realm. Despite both nations publicly recognising the threats of China’s growing military capability within Asia, the Australian government is failing to align New Zealand fully with Australian defence policy.  Image credit: [**Flickr**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=6a0098c9e4&e=84738c8dae) | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  | | --- | --- | | |  | | --- | | This article was selected by Ella Whitehurst. Ella is a third year Juris Doctor student with an academic background in Asian Studies and Languages. She has previously written as China Fellow for Young Australians in International Affairs. | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  | | --- | --- | --- | | |  | | --- | |  | | [**Is De-dollarisation Happening?**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=a551cc6535&e=84738c8dae)  In recent weeks there has been increased speculation that the US dollar is in decline as the world’s reserve currency. Many argue that this is the result of United States’ decision to sanction Russia in response to its invasion of Ukraine, suggesting that some central banks are reducing their dollar reserves in the fear that they will be illiquid if they are ever sanctioned by the United States for political reasons. Although the dollar has been considered the most versatile currency when engaging in global financial transactions for many decades, the risk of being cut off from commercial banks (which provide the currency) is now supposedly great enough that central banks are rebalancing their portfolios towards alternatives like China’s renminbi. But do the numbers support this theory? Is usage of dollar-denominated assets really in decline?   This article by economist Barry Eichengreen for the Centre for Economic Policy Research [**challenges**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=526de17a1b&e=84738c8dae) this argument with hard evidence. His analysis suggests that the recent decline in central banks’ US dollar reserves is due to their need to intervene in foreign exchange markets as a result of economic instability, exchanging US dollars for their own currencies to prop up the domestic currency’s value. He also cites research into trade invoicing and cross-border payments which indicates the continued dominance of the US dollar rather than its usurpation by the renminbi. Speculation about the decline of the US dollar as the reserve currency seems to have little factual basis. Indeed, “reports of the dollar’s demise have been greatly exaggerated.”  Image credit: [**Rafael Saldaña**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=eb98327f6a&e=84738c8dae) | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  | | --- | --- | | |  | | --- | | This article was selected by Ryan Lung. Ryan is a third-year student at the University of Sydney studying a Bachelor of Arts/Advanced Studies, majoring in History and English. | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | |  | | --- | | **What else we're reading** | | |  |  |  | | --- | --- | | |  | | --- | | * Darren Byler [**explores**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=9cedebe6ec&e=84738c8dae) the market potential, particularly in Belt and Road countries, for mass surveillance technology developed in Xinjiang. * As Timor Leste heads to election, Antonio Dasiparu [**discusses**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=f134f0b820&e=84738c8dae) how Australia can support its democracy and thus enhance regional security. * Although a proud original signatory to the Universal Declaration of Human Rights in 1948, there is an [**argument**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=80895ab7ba&e=84738c8dae) that Canberra's current policies continue to undermine international human rights principles. * Historian and commentator Niall Ferguson [**argues**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=ff3345cccd&e=84738c8dae) in Bloomberg News that the United States-China rivalry will moderate as China's economy slows and social problems grow. * In Foreign Affairs, Jessica Keegan and Martin Kunze [**suggest**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=5c2453b2fc&e=84738c8dae)that the recent Thai election results pose a serious threat to the military junta and monarchy, although the junta and the monarchy maintain veto power through the unelected Senate. * Martin Arnold and Laura Noonan in the Financial Times [**report**](https://internationalaffairs.us15.list-manage.com/track/click?u=0e9feb1606f1b4129a8b65828&id=1a994cc879&e=84738c8dae) on the European Central Bank's declaration that lack of regulation of struggling "shadow banks" (such as hedge funds, pension funds, and insurers) poses an even bigger threat to the world economy than recent financial crises with banks in the United States and Switzerland. | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | |  | | --- | | **Letters to the Editor** | | |  |  |  | | --- | --- | | |  | | --- | |  | |  |  |  | | --- | --- | | |  | | --- | | **Get involved!**  We're committed to keeping conversations about international affairs going, so get involved in our Letters to the Editor section!  Each week, we publish letters from our subscribers about what they think of the issues we’re discussing.  You can take part in the conversation by emailing us with your comments on each edition's articles. There are just a few simple guidelines: letters should be no more than 100 words in length, and should only be about the previous edition's articles. Please include your name and affiliation, and a mobile number (which won't be published). If you are a university student, please include your university and current degree.  Send all letters to the editors at [**aiianswletters@gmail.com**](mailto:aiianswletters@gmail.com) by Wednesday at 5pm Sydney time for the chance to be published in the following fortnight's newsletter. | |  |  |  | | --- | --- | | |  | | --- | |  | | | | |
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