

Australians' Perceptions of Economic Security and Implications for Korea-Australia Cooperation

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I. Australians' Perspectives: Recent Surveys

The recent rise of economic uncertainties caused by geopolitical conflicts and strategic competition have made economic security and related trade policies salient issues in domestic politics. It has become necessary for policy-makers to stay in line with voters' perceptions on the welfare implications of international economic policies, particularly in the face of election outcomes in some democratic nations which have started to reflect trade politics and consequent political cleavages.¹

In 2023, the Lowy Institute included a new survey question in its regular annual poll to clarify Australians' opinions on how their

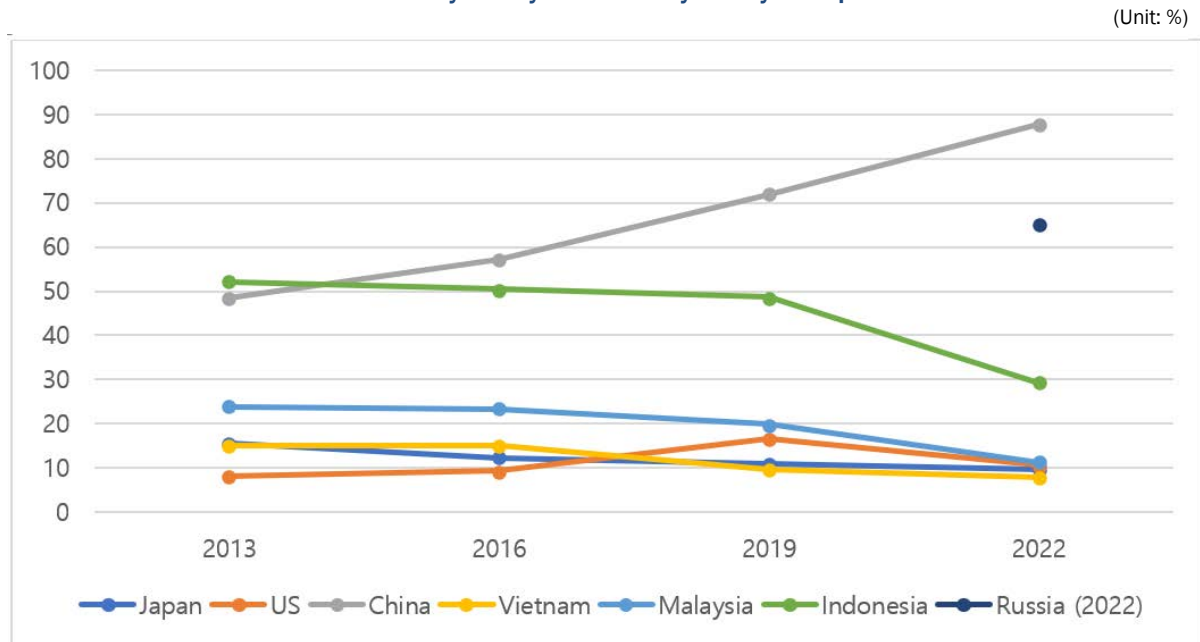
home country should address the current supply chain fragmentation derived from geopolitical tensions.² Seventy percent of respondents supported that Australia should ensure that supply chains run through countries that are friendly towards Australia, even if it means higher prices. On the other hand, 29 percent of respondents preferred that Australia should keep prices as low as possible, even if it means that supply chains run through countries that are unfriendly towards Australia.

The majority of Australians think that cost minimization is no longer a priority compared to the supply chain stability sustained with

¹ Kim (2023) provides more details by linking Australians' attitudes towards protectionism and voting behaviors.

² Lowy Institute (2023). In the survey conducted a year later in 2024, this survey question was not included.

Figure 1. AES 2013~2022, Threat to Australia's Security, Share of "Very Likely" and "Fairly Likely" Responses



Source: Author's calculation based on Australian Election Study.

close allies, even though this could entail more expensive packages that Australian economic agents need to pay. Then, which countries are on the list that Australians think Australia should avoid in constructing a stable supply chain and trade network? Symmetrically, which countries are Australians evaluating as friendly countries with which Australia should cooperate?

The Australian Election Study (AES), a regular election survey, includes a direct survey question addressed to each respondent about the degree of threat posed towards Australia. The question asks, "In your opinion, are any of the following countries likely to pose a threat to Australia's security?". For the listed

nations (Japan, United States, China, Vietnam, Malaysia, Indonesia, and Russia³), respondents were able to choose among three choices: "very likely," "fairly likely," and "not very likely."

Figure 1 elaborates on how respondents perceived seven foreign nations from 2013 to 2022. The colored line graph for each foreign nation represents the share of respondents who chose "very likely" or "fairly likely" for the survey question about security threats. In 2013, the largest share of respondents thought that Indonesia could be a threat to Australia's security. The share of respondents who regarded China as a threat was slightly smaller than that of Indonesia. However, in 2022, around 90

³ Russia has been included in the list of nations in this survey question since the Australian Election Study

2022. In earlier waves of survey data, six nations, except Russia, were included in the list of nations.

percent of respondents to the AES thought that China could pose a threat to Australia's security, while the share for Indonesia dropped considerably. For Japan, the United States, Vietnam, and Malaysia, shares were lower than 20 percent in 2022.

Under the assumption that the sampling process of AES data is properly randomized without statistical bias, we can confirm that the vast majority of Australians considered China a potential threat to Australia's security, and that more than half of the population also considered Russia as a security threat in 2022. If we recall the Lowy Institute's poll in 2023 on the supply chain, incorporating descriptive statistics in Figure 1 from the AES data provides insights into which countries will not be easily considered as economic cooperation partners by Australians.

Then, which countries will be the proper candidates for economic cooperation that is consistent with Australian preferences? Also, can

Korea be considered a preferred cooperation partner? To address these questions we need a survey that includes Korea as one of the options. While the AES survey did not include respondents' attitudes towards Korea, the annual poll of the Lowy Institute asks about overall feelings towards a selection of foreign nations, including Korea, every year.

Table 1 clarifies respondents' feelings towards foreign nations over the last three years. Respondents were asked to suggest a number for a listed country, starting from 0 (cold feelings) to 100 (warm and favorable feelings). The order of countries in Table 1 follows the ranking based on the 2024 data. As the list of suggested nations varies across different years, the country list in Table 1 includes only some of the countries that are asked in annual polls repeatedly. Respondents in Australia marked high numbers for Korea, which scored higher than the United States, Indonesia, and Papua New Guinea.

Table 1. Lowy Institute Poll, Feelings towards Other Nations

Country	2024	2023	2022
New Zealand	84	85	86
Japan	75	75	74
U.K.	74	75	77
Korea	64	64	63
Taiwan	64	65	64
Vietnam	63	-	64
Philippines	61	60	-
U.S.	59	63	65
Indonesia	56	57	57
Papua New Guinea	56	60	61
India	54	58	57
China	34	33	33

Source: Lowy Institute Poll 2022, 2023, and 2024.

II. Australia's Policy Reactions

The Australian government has been active in implementing various policy packages designed as proper responses to supply chain fragmentation. Australia faced a series of disputes with China and consequent challenges in the early 2020s. Retaliatory tariff measures and import restrictions were exchanged between the two nations, even though they had heavily relied on each other for various products. Australia swiftly diversified trade partners, and was successful in minimizing the welfare loss. However, at the same time, the Australian government came to recognize the need to establish a national strategy to adapt to fundamental changes in the global economy led by increased protectionism and supply chain fragmentation.

Constructing international cooperation networks has been one of the main efforts made by the Australian government. Australia constructed multilateral initiatives such as the Supply Chain Resilience Initiative with India and Japan, and consistent efforts have been pursued through the Quad and Indo-Pacific Economic Framework for Prosperity (IPEF). In addition to global cooperation in reacting to the supply chain crisis, Australia established the Office of Supply Chain Resilience under the Department of Industry, Science and Resources to facilitate domestic collaboration across different industries and government departments.

The Critical Minerals Strategy, Australia's

national strategy for critical minerals, was updated in 2023 with elaboration on medium-term policy goals up to 2030 to strengthen Australia's comparative advantage and enhance the resilience of the critical minerals supply chain. The Australian government also launched the Digital Economy Strategy to promote Australian industries' capacities in key strategic areas such as quantum technology. Australia has positioned the successful transformation towards a net zero economy as a primary blueprint for the nation. Based on robust backgrounds in renewable energy industries, the Powering Australia Strategy clarifies how Australia can make its green transition sustainable with enough job creation for young generations. The National Hydrogen Strategy identifies the hydrogen energy industry as a key strategic industry for Australia, and elaborates on major measures to foster the industry. The International Development Strategy of Australia states that Australia will share prosperity and build close ties with neighboring developing nations in the Asia-Pacific, such as Pacific Island nations and ASEAN member states (Kim et al., 2023).

"Future Made in Australia," the new flagship framework of Australia, comprehensively aggregates the above policy responses with multiple-layered policy packages starting from financing, hosting investment, and promoting exports. The current Australian administration is planning to create a Future Made in Australia Act and apply the National Interest Framework. The National Interest Framework for the Future Made in Australia has two main

streams. They are the “economic resilience and security stream” and the “net zero transformation stream.” This reflects that the Australian government is identifying economic security and net zero transformation as key national agendas. The stream for economic security recognizes critical minerals, clean energy manufacturing, and related supply chain issues. Priority industries under the net zero transformation stream include renewable hydrogen, green metals, and low-carbon liquid fuels.

III. Implications for Korea-Australia Cooperation

As confirmed in the two previous sections, Australian voters and the Australian government perceive economic security with supply chain stability as Australia's primary policy goal. As a nation with very high trade openness and high reliance on the global market in various sectors, Korea has also recognized economic security as a vital objective amid recent geopolitical tensions. These clear incentives for the two nations to broaden cooperation with like-minded nations who share an understanding of democracy and the market economy are expected to promote bilateral economic solidarity.

Korea and Australia can consider mutually beneficial projects for economic security, such as supply chain early warning systems. Korea

is also promoting its own national strategy for critical minerals, and the two governments can share their information on the demand and supply of critical minerals in their respective domestic markets. The two nations can develop their current comparative advantages in technology certification, technology standardization, and eco-friendly mining together through joint projects for building infrastructures for critical minerals.

For the emerging strategic industries in the digital sector and energy sector, active cooperation is expected in both public and private sectors. The bilateral Free Trade Agreement can be upgraded in the area of digital trade so that the agreement can incorporate current close relationships in digital trade between Korean and Australian enterprises. Australia's leadership in digital trade-related agendas on multilateral platforms such as the OECD, G20, and APEC is expected to provide consistent opportunities for the two nations to collaborate, especially on the occasion of Korea's hosting of the APEC summit in 2025. Korea and Australia can also consider lowering the trade barriers associated with eco-friendly transportation, including streamlining customs clearance for related intermediate goods. Both countries' commitments to producing hydrogen energy provide backgrounds for constructing medium- to long-term blueprints for collaboration in hydrogen carrier ships. **KIEP**

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