

End of Australia Hedging between US and China: AUKUS Security Pact

ABSTRACT

For more than two decades, Australia has been successfully conducting a hedging strategy between the US and China, as it benefited both – the Australian economy through intensive trade with China and Australian security through close cooperation with the US. But in September 2021, Australia signed an enhanced strategic security pact with the US and UK – so-called AUKUS, thanks to which, *inter alia*, the Royal Australian Navy will obtain nuclear submarines. The establishment of the AUKUS represents a shift from a pragmatic hedging strategy toward balancing with the US against China. This thesis explains the reasons behind this dramatic change in the Australian foreign policy from a (neo)realist and constructivist approach in order to fill-in a theoretical gap and explain why middle powers might abandon hedging. From the neorealist approach, the concept of Balance of Threat is used in order to explain the unparalleled rise of China and the threat it represents to Australia's security. Aggregated powers, proximity, offensive capabilities, and offensive intentions of China were examined. However, the importance of cultural affinity, shared identity, and common history between all three states that belong to the Anglosphere are also examined. Overall, this thesis introduces hedging strategy – arguably one of the most heated neorealist concepts in the IR theory nowadays and applies it to the creation of the AUKUS Security Pact. From a wider perspective, this thesis also contributes to the academic debate about why middle powers choose to hedge in the first place and why they might abandon such an approach.