



# Labor's second term ◇ 5 priorities for Australian Diplomacy

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During its previous term, the Labor government made important progress in rebuilding Australia's international relationships. It restored diplomatic ties with China and helped ease trade tensions, while also deepening engagement with Pacific nations through early visits to countries such as Fiji, Samoa, and Tonga. The government also demonstrated principled leadership on difficult global issues, including its call for a ceasefire during the Israel-Hamas conflict and support for a two-state solution.

At the same time, Australia continues to face the challenge of distinguishing its foreign policy from that of the US. This is particularly important in Asia, where Australia is sometimes seen as too closely aligned with the US. In fact, public confidence in the US has declined sharply, with only around one-third of Australians believing it will act responsibly in the world, and nearly 60% viewing Donald Trump's re-election as a negative outcome for Australia. Moreover, China's economic coercion often stands as an obstacle in the progress of Australia-China relations. On another note, Australia is the 13th-largest donor of Official Development Assistance (ODA), contributing US\$3.3 billion in 2024, equivalent to 0.19% of its Gross National Income (GNI) which is quite low.

In this context, the first 100 days of the new term carry real weight. Australians have given the Labor Party a strong mandate and expect meaningful action. To meet that expectation and set a clear direction for the next three years, the government must act decisively in its early days on five key priorities.

### **1. Continue to promote a Whole-of-Nation approach to foreign policy**

Labor has been majorly responsible for steering a "whole-of-nation" strategy during its previous term, integrating business, education, science, and civil society into international engagement. In its second term, the government should reiterate the strategy and accelerate coordination across sectors and ministries to maximize influence and resilience in a complex global environment, especially through frequent engagement and dialogue-ideally, within the first 100 days.

### **2. Deepen engagement with the ASEAN region**

Previously, Labor had prioritized strengthening economic and trade ties with Southeast Asia and the Pacific. In previous term, Labor supported the "Invested: Southeast Asia Economic Strategy to 2040," aiming to boost trade and investment with ASEAN countries, which included a \$2 billion fund to support Australian businesses in the region. Additionally, the government oversaw the establishment of the ASEAN-Australia Centre in Canberra, launched in November 2024, to deepen engagement through programs focusing on Southeast Asia literacy, economic linkages, education, and cultural connections. Moreover, the government also announced \$286.5 million in funding for ASEAN projects, focusing on maritime security to address regional challenges in the South China Sea and beyond.

In the next 100 days, Labor should provide a transparent report on the progress made in terms of fundings disbursed and key achievements in ASEAN-Australia relations and continue to move towards progress on the ASEAN-Australia Plan of Action 2025-2029, focusing on areas such as security, digital transformation and energy among others.

### **3. Keep track of complex relationship with China**

While recognizing China's significance as a trading partner, the government should continue the approach of direct engagement with China to manage differences, remove remaining trade

impediments, and ensure that strategic competition does not derail dialogue or economic ties. Though Australia continues to push back against Chinese interference and assertive military actions in the Indo-Pacific region, there is always a risk that tensions may reignite, hence, the challenge is in striking a balance between a major trading partner (China) and the critical security alliance (US). In the first 100 days back in office, Labor must ensure the progress made in removing \$20 billion in trade impediments with China remains permanent.

#### **4. Counter foreign interference and ensure security**

The Labor government was previously working through the Quad with India, Japan and the US (three important Indo-Pacific countries) to promote regional peace, stability and development. Building on the launch of the Quad Cable Connectivity and Resilience Centre, the government should take quick action to further enhance the Centre's capabilities to ensure the reliability of undersea cable networks as it carries 95% of international data traffic. With geopolitical dynamics frequently shifting now, this initiative is crucial for securing digital infrastructure and countering efforts by adversarial nations to disrupt communication channels.

#### **5. Explore broad global aid & multilateral expansion**

The current Labor government has pledged to increase ODA by 2.5% annually from FY2026/27 and prioritizes bilateral assistance, particularly to the Indo-Pacific region, with nearly 40% of ODA directed to the Pacific and significant allocations to Southeast Asia. While the government's approach includes some exploration of loan-based financing, most support remains grant-based. Multilateral engagement is limited, though select contributions like rejoining the Green Climate Fund signal targeted international cooperation.

African and Middle Eastern economies are experiencing steady growth. Sub-Saharan Africa, for example, is projected to grow by 3.5 percent in 2025 and accelerate to 4.3 percent by 2026-27. By supporting development in areas such as agriculture, infrastructure, and education, the government can help unlock new markets for exports in minerals, energy, agritech, education, and services. This would reduce reliance on any single region and complement ongoing trade diversification efforts.

The \$2 billion Southeast Asia Investment Facility has demonstrated how concessional finance can attract private sector involvement in clean energy and infrastructure. Applying a similar model in Africa and the Middle East could lead to joint ventures in renewable energy, mining, education, and healthcare. For example, the government's \$11.9 million agricultural research partnership with Africa is designed to strengthen research collaboration and create future pathways for trade and investment. In the first 100 days back in the office, the government should develop a roadmap to support this expansion.

To sum it up, the five immediate priorities, from deepening ASEAN ties and managing relations with China and the US to strengthening digital infrastructure, expanding global aid, and promoting trade diversification, reflect the need for swift and focused action. By acting quickly and staying committed to a principled and whole-of-nation approach, the government will ensure foreign policy is both effective and forward-looking.