Trump, Tariffs and the Australian Federal Election

https://www.e-ir.info/2025/06/29/trump-tariffs-and-the-australian-federal-election/

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Australian voters care mostly about domestic political issues, and international politics seldom feature highly in the minds of citizens in what Donald Horne famously called *The Lucky Country*, a continental state supposedly separated from the world's troubles by oceans on all sides. But there is no doubt that for Australian leaders and increasingly the Australian public, domestic issues are not so easily separable from the international events that often drive them. Geostrategic competition between the United States and China, the need for an energy transition and inflation all produced existential policy dilemmas in the run-up to Australia's 2025 federal election. How politicians align international pressures with domestic political messaging can be significant for voters, even if the voters and the politicians themselves do not deeply understand global politics. In the 2022-25 parliamentary term, international affairs have driven the domestic political agenda so much that by the time Donald Trump announced Liberation Day tariffs, there was little room left to discuss them.

On September 15, 2021, 9 months before the 2022 federal election which ousted him, Prime Minister Scott Morrison announced a new treaty agreement between Australia, the United States and the United Kingdom (AUKUS), which cancelled orders for French diesel-electric submarines in favour of nuclear-powered submarines to be developed by the three nations jointly. This action was controversial, infuriating French President Emmanuel Macron and attracting the sharp criticism of former Australian Prime Ministers Malcolm Turnbull and Paul Keating. Mentions mostly negative of AUKUS are far more common in Australia than in America, where it is treated with indifference or in the UK, where the treaty figures mostly as an amusing intrigue at France's expense.

However, AUKUS also revealed that Australia's core strategic security relationship with the US was indispensable and exclusive in some sense. Despite the US's deepening political instability and the charge, which is popular in Europe, that America is no longer a reliable security partner, there remains little to no daylight between Canberra and Washington regarding ensuring Australian and Western Pacific security. Australia remains a key player in the US's plans to constrain Chinese expansion. Likewise, the US's wider protection of Australia in the form of the ANZUS treaty's nuclear umbrella is worth immeasurably more than the cost of upsetting France. Still, both major political parties support the AUKUS treaty, thus nullifying it as an election matter, though no doubt contributing to voter dissatisfaction in general terms.

One area that has divided the major parties for nearly 20 years is climate change and the need for a decarbonising energy transition. The Australian Labor Party (ALP), now in government, favours decarbonisation through renewable energy, while the Liberal Party of Australia, in partnership with the National Party of Australia (the Coalition), seeks a more moderate decarbonisation supplemented by the construction of new nuclear power plants. Both parties support the expansion of Australia's natural gas industry, and coal remains by far the dominant source of electricity generation.

The Coalition's nuclear policy, launched in late 2024 and gradually de-emphasised as the election approached, was an attempt by the Coalition to align energy renewal policy, an area of political weakness, with an area of political strength: defence and national security. With a domestic nuclear industry, the difficulty of maintaining a fleet of nuclear-powered submarines would be, in theory, reduced.

The problem was that both nuclear power and expensive nuclear submarines were not hugely popular policies on

their own, and they did not become more attractive in combination. Australian opposition to nuclear energy and weapons has deep roots, beginning with nuclear tests conducted by the British on Aboriginal land and prominent ALP figures such as former foreign minister Gareth Evans and the Midnight Oil singer, who later became government minister, Peter Garrett, have consistently advocated an anti-nuclear stance. The Coalition could not undo decades of political consensus by reframing nuclear energy as a security and energy transition two-for-one.

Neither, however, is the ALP's choice to favour a renewable and green energy transition geopolitically neutral, despite its apparent electoral success. Solar panels are produced at the lowest cost in China, as are electric vehicles and the batteries that power them and store energy produced by intermittent sources of electricity. The government's Future Made in Australia scheme appears doomed to be outcompeted by cheap international imports. So, by emphasising a renewable pathway to net zero, the ALP deepens its economic ties with Australia's principal trading partner and, paradoxically, also its principal geostrategic adversary. Australia's relationship with China is, in the words of former Prime Minister Tony Abbott, caught between "fear and greed", a condition that has permeated the economic and security policy and is now increasingly relevant to the success of Australia's energy renewal.

During the COVID-19 pandemic, governments worldwide borrowed heavily to support workforces that were not working. Then, rising inflation and interest rates compounded economic pain. No one could pretend that the source of rising interest rates was home-grown, and the government has been at pains to remind voters of Australia's strong performance in relative terms. Relieving Australian citizens of the costs of living has been the primary challenge of the ALP's first term. The government cut taxes, introduced subsidies on household energy bills, and announced an investment fund to increase housing supply. The economy tottered but was held up in part by increased net migration and a mining boom spurred on by renewed Chinese demand for raw materials.

The Coalition offered few substantive alternatives to this approach. It did, however, seek to highlight an undercurrent of dissatisfaction with immigration, at a time of soaring prices and a loosening labour market proved to be a sensitive issue, but was still not among the top five issues facing Australian voters just before the election. In relying on a perennial critique of the ALP's relatively pro-migrant stance, the Coalition was on safe ground, but it did not translate this advantage to an overall lead on economic management.

After several years of adapting Australian policy to international instability, Donald Trump's tariff war on the world came just in time for the Australian federal election and for Canada, another of the US's closest allies. The result on America's northern border was widely seen as a repudiation of Trump's trade belligerence. The tariffs' economic impact was less acute than in Canada. Australia is a net importer of US goods, and the government was quick to assure voters that it would not retaliate by imposing the costs of tariffs directly onto Australian consumers. Australia's broader economic partnership with the United States is also tied to pension schemes, now collectively worth US$ 2.8 trillion (roughly the GDP of Britain), 1 trillion of which is projected to be invested in US stocks over the next decade. The stakes of economic confrontation with the US could not be higher, and it is not surprising that neither party leader wanted to spend too long discussing the issue.

While Prime Minister Albanese said the tariffs were "not the act of a friend", Coalition leader Peter Dutton attempted to pin blame on the ALP for not achieving a carve-out deal for Australian steel, aluminium and other export interests. In the following election debates, both leaders attempted to thread the needle of emphasising the importance of the US alliance while distancing themselves from its leader. Somewhat ridiculously, Albanese claimed that he did not have Trump's number because he believed that Trump did not have a mobile phone. Dutton criticised the Prime Minister's decision to appoint a public detractor of Trump, the former Prime Minister Kevin Rudd, to the post of ambassador to the US. At the same time, he claimed not to know the President, a favour returned by Trump after the election when he claimed that he had no idea who Dutton was.

Whether or not Peter Dutton was strongly associated with Trump during the campaign is unclear, and it is still too early to make definitive statements. Some commentators accused Dutton of being a "Temu Trump", with "the instincts of a right-wing populist". While Dutton is certainly right-wing, it is not clear that Dutton's personal style muted in comparison with Trump, or years of institutional commitment, first to the police force and then to parliamentary party politics, fit the definition of a populist.

What is clear is that the ALP's approach to governing Australia through internationally driven turbulence has been endorsed by voters, with one of the most emphatic election wins in Australian history. Peter Dutton lost his seat as did the Canadian Conservative leader Pierre Poilievre. However, the general dissatisfaction with major party politics continued, with the combined total of major party votes at its lowest level ever, at just under two-thirds. For now, the government has weathered the storm, but increasing international instability will pile on yet more pressure, testing Australia's political establishment to its limits.

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