Australia and the Case for a Middle Power Digital Governance Coalition

Since Mark Carney delivered his address to the World Economic Forum in Davos in early 2026, the language of "middle powers" has moved from the margins of foreign policy discourse to the centre. Carney's diagnosis of the present geopolitical moment was blunt: the rules-based order that middle and small powers relied upon for protection is not undergoing a transition, but a rupture, considerably driven by the unpredictability of the United States under its current administration. His framing has since been picked up and applied across think tanks, foreign ministries and, increasingly, technology policy circles.

Carney's most useful contribution was not the observation that the world has become multipolar, but his insistence that middle powers stop responding to this reality with wishful optimism and instead build coalitions of shared interest. He was explicit that when middle powers negotiate bilaterally with a great power, they negotiate from weakness, competing with one another to be the most accommodating partner rather than combining to create leverage of their own. That is not sovereignty, but the performance of sovereignty while accepting subordination. Genuine sovereignty in this century is not the ability to act alone; it is the ability to withstand pressure.

This reframing matters enormously for Internet governance, where the temptation to talk about sovereignty in absolute terms is strong and almost always misleading. To address the obvious: Australia cannot achieve complete Internet sovereignty, nor should it try. No state can be truly independent on a network whose entire value depends on interoperability. This is precisely why "splinternet" concerns, defined as the fear that the single, global internet will fracture into separate national or bloc-based networks governed by incompatible technical standards, content rules and infrastructure, recur so persistently across Internet governance forums. A splintered internet would simply replace a shared, contestable system with several smaller, more brittle ones, each still dependent on the compute, cloud and hardware controlled by a handful of great powers. In other words, the splinternet would not deliver more sovereignty in any case to one particular country.

Australia should not strive for the ability to disconnect, but rather the capacity to engage on its own terms. What it can pursue, in the spirit of Carney's argument, is sovereignty understood as resilience: the capacity to identify mutual interests with other middle powers, to build durable habits of cooperation in digital governance, and to use that cooperation to better withstand pressure generated by the binary competition between the United States and China. This paper explores how Australia can move from participant to convenor in the internet and digital governance space, and what it needs to do domestically to make that leadership credible.

Learning from Others

Australia is not starting from zero, and it does not need to invent this model from scratch. The following two examples emerge as inspiration.

In March 2026, Carney addressed Australia's Parliament directly, telling the chamber that Canada and Australia should use their reputations as stable, trusted democracies to lead coalitions resisting domination by the US and China naming Australia specifically as a co-lead. The same month, Canada and the EU agreed to upgrade the existing CETA agreement, adding a digital trade agenda alongside new mobility and market access provisions, a working example of exactly the pragmatic, interest based coalition building Carney's speech called for, applied specifically to digital rules rather than left as an abstract principle.

The European Union offers the more developed template specifically for digital governance, because it has spent two decades building supranational instruments – the GDPR, the Digital Markets Act, the Digital Services Act – that other jurisdictions now reference or emulate by default. More recently, the EU has moved beyond regulation first strategy toward direct investment in sovereign capability. In June 2026 the European Commission adopted a Technological Sovereignty Package, comprising a revised Chips Act, a Cloud and AI Development Act, and a new Open Source Strategy, aimed at tripling EU data centre capacity within five to seven years and establishing a shared EU-wide framework for classifying digital sovereignty. Tellingly, this push has been explicitly paired with outward diplomacy. EU policymakers have been clear that the Union cannot close every gap in its technology stack alone, and are actively courting "non-traditional partners" across Asia, Africa and Latin America to reduce dependency on both American hyperscalers and Chinese controlled hardware. In other words, the bloc that has done the most to build digital sovereignty at home is simultaneously the bloc working hardest to build coalitions abroad because its own architects recognise that sovereignty and isolation are not the same thing.

For Australia, the lesson is not to replicate the EU's supranational legal architecture, which depends on a depth of economic and political integration Australia's region does not have and should not try to force. The lesson is the sequencing: pair credible domestic investment with active, outward coalition-building, and use regulatory and diplomatic convening power as leverage even where hard infrastructure lags behind.

What Australia Can Do: Diplomatic Capital as a Starting Asset

Australia's principal asset in this space is its diplomatic reputation and influence within the Indo-Pacific region. In a single fortnight in July 2026, Australia signed the Nakamal Agreement with Vanuatu (barring foreign military bases from Vanuatu's soil), elevated its

partnership with Fiji to treaty status through the Vuvale Union, and concluded a new mutual defence pact, the Ocean of Peace Alliance. In addition to this, Australia also stood as one of the Pacific Islands Forum's founding members and the region's largest development partner, jointly bidding to co-host COP31 alongside Pacific nations. This kind of convening power rests on decades of consistent, patient engagement through Pacific led institutions, engagement that has allowed Australia to work through non-security issues without them being read as geopolitical positioning.

That reputation is genuine, but it is not yet matched by an equivalent standing in the technical architecture of internet governance itself. Australia's institutional footprint there is real but modest. The Department of Infrastructure represents Australia on ICANN's Governmental Advisory Committee as one voice among many, and auDA has built credible coalition habits at the ccTLD layer, coordinating with fellow Pacific and Asia-Pacific domain administrators through APTLD and CENTR. This is useful groundwork, but it is participation, not leadership. The gap between Australia's proven convening power in Pacific diplomacy and its comparatively modest footprint in internet governance forums is precisely the opportunity. Australia does not need to build new diplomatic relationships from scratch to become a more consequential player in digital governance, it needs to actively translate the trust it has already earned in the Pacific into the same space. As digital governance becomes as contested as the security domain Australia has invested so heavily in, treating regional diplomatic capital as separate from digital governance strategy will mean forfeiting exactly the advantage that took decades to build. This reputation is a genuine strategic resource, and one that is considerably cheaper to deploy than the capital-intensive infrastructure investment the EU is pursuing, but only if Australia chooses to spend it here rather than assuming goodwill in one domain will automatically transfer to another.

Looking Towards Coalitions

Due to Australia’s current diplomatic standing, hosting and mediating future discussions makes strategic sense as a first, low-cost move toward a leadership role. Convening power does not require Australia to have the largest data centre footprint nor the most advanced sovereign cloud, it requires a track record of being seen as a fair broker. A practical starting point would be an informal, non-treaty coalition model, closer to a "coalition of the willing" than a new international organisation. Ideally this would begin with Pacific nations where Australia already has established relationships, aid architecture, geographic closeness and trust. This mirrors, at a much smaller and less formal scale, the way the EU's own regulatory bloc originally grew outward from a core of aligned states before becoming the supranational model it is today. Australia does not need to build a Pacific "EU" of internet governance but rather informal habits of coordination (shared positions ahead of ICANN and IGF meetings, joint statements,

pooled technical assistance) that could later develop into something more institutional if the coalition proves its value.

The Pacific already has the scaffolding Australia needs to build on. The 2050 Strategy for the Blue Pacific names technology and connectivity as one of its core thematic areas, and Forum members have been tracking progress through a published Blue Pacific 2050 dashboard since 2024. There is also a standing Pacific E-commerce Initiative, endorsed by Forum trade ministers back in 2021, that already sets shared digital trade priorities across the region.

None of this is Australia's to claim credit for. However, it is exactly the kind of existing, Pacific-owned architecture Australia should be resourcing rather than working around. Three things follow. First, fund and staff the technical side of these existing initiatives rather than launching parallel Australian programs as duplicated effort erodes trust faster than it builds capability. Second, use the annual Forum Leaders' Meeting as the anchor point for informal digital governance coordination, the same way climate positions are already coordinated ahead of COP. Third, be explicit that this is Pacific-led. Any hint that Australia is using digital governance cooperation to extend its own influence will undercut the very trust the strategy depends on.

Once these regional habits are established, they can translate outward. Australia's task is not to build a single grand coalition. It is important to focus on a set of smaller, overlapping coalitions, each anchored in a specific shared interest rather than a shared bloc identity.

With Canada, the shared interest is almost ready-made: both are Anglophone middle powers with similar multistakeholder instincts, and Canada's own coalition-building push under Carney highlights shared directional ambitions. With Indo-Pacific middle powers such as Indonesia and Vietnam, the shared interest is market weight with large, fast growing digital economies that give any coalition genuine leverage in negotiations with the platforms and standards bodies that matter. This is true even if their domestic governance models look nothing like Australia's own. With small advanced economies such as Singapore, Chile and New Zealand, the shared interest is institutional: these three founded the Digital Economy Partnership Agreement in 2020 specifically because no existing trade framework addressed digital only issues like cross-border data flows and AI. Excitingly, the agreement has actively grown since with South Korea joining in 2024, and nine more economies who have applied to join. Australia is not currently a DEPA member and at the time the model was being negotiated, opted for a bilateral alternative with Singapore separately. Given the model generally fits what this paper is arguing for, a working coalition built on shared interest rather than shared politics, and

already road tested rather than theoretical, absences such as these are worth considering further.

The Infrastructure Foundation: Why Domestic Capability Still Matters

Digital infrastructure isn't the focus of this paper, but it can't be ignored as diplomatic leadership without domestic capability lacks credibility. The Tech Policy Design Institute makes the relevant case, even though it is framed around AI rather than internet governance specifically. Its argument is that "AI sovereignty" is too binary a concept to be useful, rather the better question is "AI agency" or the practical ability to steer outcomes and protect national interests inside a system Australia will never fully control. Its own capability assessment found Australia scores well on skills, innovation and adoption, but is constrained by real gaps in frontier models and domestic compute. The same logic applies to internet governance: know where genuine strength lies, know where dependency is unavoidable and build partnerships deliberately rather than by default.

Domestic data centre capability is a key factor in this discussion. Without a baseline of sovereign compute and storage, Australia's diplomatic voice on digital governance risks sounding aspirational rather than credible and projects a country arguing for resilience abroad while remaining almost entirely dependent on offshore, foreign owned infrastructure. This doesn't mean matching the EU's ambition to triple data centre capacity. However, it does mean treating a baseline of sovereign infrastructure as the precondition that makes Australia's diplomatic requests of others, and its own claims to leadership, believable.

A Roadmap: What Australia Needs to Do

Bringing these threads together, Australia's path to resilience and agency rests on three tracks.

First, build on existing diplomatic strengths by pushing to host and mediate more of the sector's key discussions. Leverage Pacific and Indo-Pacific goodwill as the foundation for an informal coalition that grows organically, starting with joint positions and pooled technical assistance before any formal structure.

Second, diversify partnerships deliberately. Seek out partners who are willing and able on the basis of shared interest, not shared values, and strengthen existing alternative forums rather than duplicating them.

Third, invest in domestic data centre and infrastructure capability. Not to compete with the EU or the hyperscalers on scale, but because a credible baseline of sovereign

capacity is what makes Australia's diplomatic leadership believable rather than aspirational.

None of this delivers complete sovereignty over Australia's digital environment, nor should it try to. Together, though, these three tracks offer something more achievable and, per Carney's framing, more genuinely valuable: the collective capacity to withstand pressure in a digital order increasingly defined by great power competition.

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