Chapter 1

Setting the Vision amongst a Sea of Troubles: March–December 1996

Describing the Howard Government’s strategic depiction of China in 1996 is a complicated task because of two distinctly different factors at work within the Australia-China relationship, operating relatively independently of one another. On the one hand, the government was subject to a series of diplomatic disputes with China that saw the relationship sour to its lowest point in its 24-year history.1 This compelled the government to depict China as a strategic problem. On the other hand, the government frequently cited its intent to engage and expand its ties with Asia more generally, and with China in particular. Thus China was also depicted as an economic opportunity. And, behind the scenes, trade relations between the two countries were largely unaffected by the disputes.2 In brief, 1996 was characterised by positive policy depictions, and negative crisis depictions. Therefore, a simple chronological analysis of the year does not capture the essence of the period; a juxtaposition of two competing and overlapping factors—policy and environment. To provide a chronological analysis of 1996 only blurs the distinct message that each factor produced. Consequently, an analysis that does not recognise the relatively independent nature of these forces can only observe contradiction rather than coherence in the Howard Government’s strategic depiction of China throughout 1996. Accordingly, a separate analysis of the incoming government’s foreign policy vision for engagement with Asia and China is provided, followed by a review of the disputes and crises of 1996 and how these affected the government’s depiction of China. Finally an assessment and comparison of these two distinct depictions—opportunity (policy) and problem (environment)—will be made.

When the Howard Government entered office on 11 March 1996 the Australian public remained uncertain in regards to how the new administration would approach relations with Asian countries such as China. During the 1996 election campaign the incumbent Labor Government led by Prime Minister Paul Keating had accused John Howard of abandoning Asia.3 Keating attacked Howard, claiming ‘the leadership of South-East Asia does not believe that the Coalition is serious about the relationship’.4 Consequently, the government began its first term determined to denounce its critics’ allegations that Asian governments would reject it. After only one month in office, the Foreign Minister, Alexander Downer, declared in his first major policy speech that ‘closer engagement with Asia is the Australian Government’s highest foreign policy
This early declaration of intent negates the common perception that the Howard Government was adhering to an ANZUS dominated foreign policy when it entered office. Instead, Downer conveyed opportunism combined with a heightened sense of purpose and vision. He claimed ‘the next 50 years will therefore depend on the decisions made over the next five’. Specifically regarding China, Downer stated that ‘Australia’s relationship with China [would] remain a central feature of Australian foreign policy’ and that ‘the Australian government [would] maintain [its] one-China policy’. Hence it can be observed that, early into its administration, the Howard Government’s policy concerning China continued many of the positions held by the previous Labor Government. The status quo ‘one-China’ policy remained entrenched and Australia’s relationship with China was classified under the unremarkable phrase ‘central feature’.

Although Downer’s maiden declaratory speech of Howard Government foreign policy contained emotive references to the future, it remained unclear what the government was actually offering concerning foreign policy innovation towards Asia and China. However, there were some indications that subtle changes in Australian foreign policy were about to be implemented. A characteristic of the government’s diplomacy would be bilateral rather than multilateral diplomatic initiatives. Downer declared that ‘the third way the government [would] promote engagement in Asia is by strengthening the focus on bilateral relations’. The motivation for this heightened bilateral engagement with the Asia-Pacific came from the growth of regional economies and economic interests, which enabled a corresponding development of military power. Downer said:

Over the longer term economic development will lead to shifts in relative power and is likely to have an impact on the pattern of regional security relations. Economic development is already giving Asia-Pacific governments the means to acquire greater defensive capacities than in the past. These factors have the potential, if appropriate steps are not taken, to destabilise existing security patterns, heighten tensions and reduce security throughout the region.

Thus the potential for escalating strategic competition in the region was clearly identified by the Howard Government. China’s rise represented both an economic opportunity and a strategic challenge. Therefore, an inherent tension within Howard Government policy was the relationship between promoting economic prosperity and promoting strategic stability. As regional economies developed so would defence capabilities. How to engineer a prosperous and peaceful region rather than a prosperous and potent region presented a long-term challenge for the Howard Government. Indeed, the government claimed that it
would adopt a ‘long view’ towards security and stability in the Asia-Pacific, and would be ‘hard headed about security’.  

Although the government abstained from making explicit reference to China in these security statements, it was clear that the locus of regional instability was yoked to the economic rise of China and its corresponding power. Downer extrapolated:

In the short to medium term, the primary objective of Australia’s regional security policy will be to discourage the emergence of strategic confrontation in the Asia-Pacific region. To this end, the Australian Government will be working to help bring regional countries closer to each other, by contributing to the building of constructive security arrangements in the region. Strengthening the web of Australia’s bilateral security links will make a positive contribution to discouraging regional strategic competition.

Coming only 30 days after the Taiwan Strait crisis, it was clear to whom the reference ‘strategic confrontation’ was being made. However, Downer’s rhetoric was delicate enough to discuss China’s destabilising strategic effect in the region via the defence policies of Japan, South Korea and the United States. In September he explained to a New York audience:

There is, I think, widespread support for continuing United States strategic engagement in the Asia-Pacific which underpins the region’s stability and security. The United States has a vital role in helping to stabilise regional security. Your country’s presence strengthens regional countries’ confidence in their security—in effect helping to minimise tensions and maintain balance. This is most obvious in North East Asia where, for example, Japan and South Korea have not only refrained from acquiring nuclear weapons but have also undertaken legal obligations never to acquire them.

Remembering that this statement was made only three months after the Chinese nuclear test (8 June 1996), the veiled reference to Chinese actions was unmistakable. While Japan and South Korea had maintained anti-proliferation stances, China’s nuclear actions were destabilising.

Regardless of the issue of Chinese proliferation of Weapons of Mass Destruction, the Howard Government kept an optimistic outlook towards the creation of a stable regional order. China posed a strategic challenge, but the Howard Government believed bilateral engagement supplemented by a strong US presence in the region would soften the impact of China’s rise. Downer maintained that, in the region’s ‘fluid, complex and uncertain’ state, a ‘window of opportunity’ existed to invest heavily in a stable and secure future. In his words ‘Australia and its neighbours must make the most of the present relatively
benign security environment to set in place stable and enduring security arrangements’. This was an insightful glance into Australia’s view of the region, and China. Despite the difficulties being experienced in Australia-China relations, the government regarded the security environment as reasonably ‘benign’—a term traditionally employed sparingly in describing Australia’s regional security environment. But the question of how to approach China remained problematic. In July, Downer announced that, ‘strategically, China, and our long-term relationship with it, is of vital importance in Australia’s foreign policy’. Thus, between March and July 1996, the Howard Government continued to emphasise the importance of China as a ‘central feature’ in Australian foreign policy and the Australia-China relationship as an aspect of ‘vital importance’. This may have been an early characteristic of the government’s ‘practical bilateralism’ coming into effect. Even with the unfriendly mood of Australia-China diplomatic relations at the time, the government was persisting with its new emphasis upon bilateral engagement with China and the region.

To summarise, within a nine month period the Howard Government had clearly articulated its interest in engaging Asia, including China, as its highest foreign policy priority. This was to be conducted under the guise of ‘practical bilateralism’. In addition, there were tentative signs that Australia was beginning to consider its relations with China in strategic terms, describing the Australia-China relationship as a ‘vital’ strategic interest. And, somewhat extraordinarily, the government regarded the regional security environment as ‘relatively benign’, despite the storm surrounding Australia-China relations. Indeed, 1996 was not memorable for the foreign policy vision being declared by the Howard Government. Instead, the year was marked by a series of diplomatic crises between Australia and China.

When the Howard Government took office on 11 March 1996 it entered a regional political maelstrom. A serious diplomatic crisis between China and Taiwan had escalated with the deployment of two US aircraft carrier groups to the region. The crisis appeared reminiscent of a ‘perfect storm’: a novice Australian Government thrown unwittingly into one of the region’s most serious strategic crisis since the Tiananmen Square uprising between April and June 1989. In an unprecedented step, Downer declared unequivocal support for the US forces deployed in the region, stating:

I think what we have seen in the last few days is a very clear demonstration by the United States that it is interested in maintaining its involvement in the security of the region and we obviously welcome that.

Downer’s definitive declaration of support for the United States appeared to be the catalyst for arguably the most abysmal year in the history of
Australia-China relations. A sense of impending doom hung over the Australia-China relationship as the Howard Government appeared to confirm its critics’ worst predictions.\textsuperscript{24} Downer’s unambiguous support for US involvement in the crisis was not recanted. The Taiwan Strait crisis was quickly followed in April by the discarding of the Development Import Finance Facility, invoking further Chinese protests. The Facility was a concessionary finance scheme for developing countries. China and a number of affected countries lodged official complaints with the Howard Government.\textsuperscript{25}

In July 1996 the inaugural Asia-Pacific Cities Summit was held in Brisbane. Unfortunately, to the disdain of the Howard Government, the attendance of the Mayor of Taipei City, Chen Shui-ban (a leading pro-independence advocate within Taiwan’s Democratic Progressive Party), was protested by the Chinese Government. A storm erupted concerning speculation that the Howard Government would bar the entry of Chen. However, such an outcome did not eventuate, and the Mayors of Beijing and Shenzhen declined to attend in protest.\textsuperscript{26}

The inaugural Australia–United States Ministerial Consultations were held in Sydney from 25–27 July 1996 and proved to be a landmark event. Gathering the respective Defence and Foreign Ministers of Australia and the United States, the meeting climaxed with the ‘Sydney Declaration’—a joint security declaration citing the ANZUS alliance’s relevance and purpose heading into the twenty-first century. It reinforced the Howard Government’s image as a stalwart of US interests in the region, describing the United States and Australia as ‘natural allies’.\textsuperscript{27} Recognising the security difficulties of the Asia-Pacific region, the Sydney statement declared:

> The ANZUS Treaty has long given shape and expression to the advancement of our common interests. During these challenging times in the strategic development of the region, both countries take this opportunity to reaffirm their mutual commitment to the obligations flowing from the Treaty.\textsuperscript{28}

The Sydney Declaration went on to declare the goals of developing democracy, economic prosperity and strategic stability within the Asia-Pacific region. This vision was to be conducted within a bilateral framework strategy, with the specific objectives of preventing conflict, the proliferation of Weapons of Mass Destruction, and arms build-ups.\textsuperscript{29} Although the Sydney Declaration did not refer explicitly to China, it was poorly received by Beijing. Following a similar US-Japan joint security statement in April 1996, the Sydney Declaration appears to have encouraged China to allege that a new US containment strategy was being forged in the region, in which Australia and Japan were two claws of a US crab.\textsuperscript{30}
Chinese protests notwithstanding, the context in which AUSMIN occurred needs to be understood. Only two months prior to AUSMIN, China had conducted a nuclear test on 8 June 1996. Caught in the middle of Australia’s diplomatic drive in the United Nations to establish a Comprehensive Test Ban Treaty, the Chinese nuclear test represented another Chinese snub to Australian diplomatic efforts. Having taken a lead role in advocating the Treaty, the Howard Government was cornered by its own policy position and had no choice but to strongly condemn the Chinese test.  

At the same time new revelations were coming to light. To its embarrassment the Howard Government admitted to conducting secret negotiations with Taiwan to sell uranium. After pushing for the creation of a Comprehensive Test Ban Treaty, Australia’s negotiations with Taiwan appeared to contradict its anti-proliferation objectives. A Ministerial visit to Taiwan by Primary Industries Minister John Anderson in September (possibly in association with the uranium trade negotiations) was met with strong Chinese opposition. On 26 September 1996, after much speculation, Prime Minister Howard met the spiritual leader of Tibet, the Dalai Lama. Once again the Howard Government incurred strong protests from China.

The final controversy of 1996, the Pauline Hanson debacle, was arguably the most damaging event to the Howard Government’s overseas image. Hanson’s One Nation Party had come to public prominence after achieving modest electoral success and polarising public debate regarding immigration. Hanson, formerly a Liberal candidate, was ejected from Howard’s Liberal Party after making controversial remarks concerning ‘race-based welfare’. However, One Nation’s inflammatory remarks regarding immigration placed the Howard Government in a difficult position. In her maiden speech to Parliament, Hanson claimed Australia was ‘in danger of being swamped by Asians’. Having ridden on popular sentiment regarding Australian values, Howard was reluctant to damage his populist Australian image. The Howard Government’s inability to distance itself from Hanson was damaging in a year when Howard had repeatedly looked isolated from Asia and China. After several weeks of controversy, the government did distance itself from Hanson and One Nation, but the damage had already been done.

Into this dire situation an unlikely event occurred. In an unprecedented step, Chinese President Jiang Zemin held a personal meeting with Prime Minister Howard in Manila before the 1996 Asia-Pacific Economic Cooperation conference. The Howard/Jiang meeting stands as a sign-post of a terrible year; an unofficial crisis meeting was required to repair the damaged Australia-China relationship. After the meeting Howard commented:

We both agreed that the relationship was a strong one and could be made stronger. I think we established on a personal basis a very good rapport.
I said that despite the fact that Australia and China had some very basic differences so far as our political systems were concerned, and [sic] our size; that we had a lot of mutual interest, and that we should focus on those, that I would take a commonsense, practical approach to the relationship. At the end of the meeting the President invited me to visit China and I accepted that invitation and we are both going to work towards a visit by me to China in the first half of next year.\textsuperscript{38}

Thus Howard had in many respects retrieved a position that appeared unsalvageable. Acknowledging that relations ‘could be made stronger’, he secured an unlikely return visit to Beijing in 1997.\textsuperscript{39} While political differences remained unavoidable, a ‘commonsense’ approach to the relationship was to be adopted.\textsuperscript{40} However, much work remained to be done to cast the relationship in a positive light. Regarding Australia’s strategic orientation towards China, and the particular sensitivity of whether Australia was pursuing a containment strategy against China, Howard said:

I made it clear that we weren’t trying to contain China. I said that the close relationship between Australia and the United States was there because it was the mutual desire of Australia and the United States to have a close relationship. I told him that the relationship was not directed at anybody. It was a relationship having a momentum and a merit all of its own. He, to my thinking, accepted that. I believe that on both sides there was a desire to find points that reinforced the positives of the relationship.\textsuperscript{41}

Clearly, the Howard Government’s actions throughout the year had aroused Chinese suspicions, and earned Howard the dubious honour of a personal meeting with Jiang. Howard had secured China’s attention, but for all the wrong reasons.

To conclude, the Howard/Jiang talks represent a decisive end to a tumultuous year. Despite repeated quarrels, the governments of Australia and China were able to walk into 1997 regarding each other with a degree of respect. The relationship had encountered a severe storm, yet had remained intact, albeit bruised and battered. Indeed, the Howard Government’s first year in office appeared to confirm its pundits’ derisions of it as a novice foreign policy practitioner. Downer’s definitive declaration of support for the United States during the 1996 Taiwan Strait crisis commenced an abysmal year in the history of Australia-China relations. Events such as the Chinese nuclear test and the Sydney Declaration exposed the differences and distance between Australia and China. At first glance the incoming Howard Government’s foreign policy appeared simplistic, advocating a reinvigorated ANZUS alliance alongside a populist leaning domestically driven agenda.\textsuperscript{42} But these objectives tended to overshadow the clear enunciation of engagement with Asia that was being
declared at the same time. Although the Howard Government’s foreign policy performed poorly on the public stage, in reality a steady foundation for expanded engagement with Asia and with China was being laid. Therefore, the story of 1996 is a complex milieu of competing foreign policy objectives. While Paul Kelly’s description of Howard as a ‘response agent’, subject to the winds of political fortune, is generally accurate, this investigation also observes a more complex individual and government at work.43

The Howard Government’s strategic depiction of China in 1996 is Janus-faced, conveying both optimism and adversity. Policy depictions of China in 1996 showed a country that represented an economic opportunity and a strategic challenge, rather than a strategic problem as portrayed in the 1996 crisis environment. The government adopted many of the outgoing Keating Government’s perspectives; Downer’s ‘fluid, complex and uncertain’ region statement was a repeat of Labor Defence Minister Robert Ray’s 1993 Strategic Review statement.44 The government was forced to confront the regional instability that China’s rise was causing, receiving a rude introduction to the sensitivities of Chinese foreign policy (Taiwan). Support for the Comprehensive Test Ban Treaty left Australia with no option but to make its views clear regarding Chinese actions; Downer declaring, ‘I condemn the nuclear test conducted today by China’.45

The question of 1996 as Jiang Zemin and the world at large saw it, therefore, was whether Australia was becoming part of a US containment strategy towards China, having announced themselves ‘natural allies’.46 As this analysis has revealed, such statements indicate 1996 was the extreme rather than the rule for the future conduct of Australia-China relations. In contradiction to the negative image surrounding Australia-China relations, the Howard Government had declared ‘strategically, China and our long term relationship with it, is of vital importance in Australia’s foreign policy’ and had also assessed the region’s security environment to be ‘relatively benign’.47 Consequently, in the ensuing period (1997–2002), a remarkable transition would occur in Australia-China relations.

ENDNOTES

1 The March 1996 Taiwan Strait crisis was quickly followed by the discarding of the Development Import Finance Facility in April, invoking further Chinese protests. A Taiwanese mayoral visit to Brisbane (July) soured relations, before the mood of Australia-China relations darkened further when China conducted a nuclear test (8 June), invoking Australia’s condemnation. The inaugural Australia–United States Ministerial Consultations (26–27 July) provoked a Chinese accusation that Australia was part of a new US containment strategy. Negotiations for a uranium trade deal with Taiwan (August), a ministerial visit to Taiwan (September), Prime Minister John Howard’s meeting with the Dalai Lama (September), and the Pauline Hanson debacle left the Howard Government’s relations with China reeling. Details of AUSMIN can be found on the Department of Foreign Affairs and Trade website at <http://www.dfat.gov.au/geo/us/ausmin/index.html>, accessed 28 November 2008.

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4 Downer, ‘Australia and Asia: Taking the Long View’.

5 Downer, ‘Australia and Asia: Taking the Long View’.

6 Downer, ‘Australia and Asia: Taking the Long View’.

7 Downer, ‘Australia and Asia: Taking the Long View’.

8 Downer, ‘Australia and Asia: Taking the Long View’.

9 Downer, ‘Australia and Asia: Taking the Long View’.


11 Downer, ‘Security through Cooperation’, address to the IISS/SDSC Conference.

12 Downer, ‘Security through Cooperation’, address to the IISS/SDSC Conference.

13 Downer, ‘Security through Cooperation’, address to the IISS/SDSC Conference.


16 Downer, ‘Security through Cooperation’, address to the IISS/SDSC Conference.


18 Downer, ‘Address at a joint Asia House/Austcham luncheon’.

19 Downer, ‘Address at a joint Asia House/Austcham luncheon’.

20 Downer, ‘Address at a joint Asia House/Austcham luncheon’.

21 Downer, ‘Address at a joint Asia House/Austcham luncheon’.

22 Downer, ‘Security through Cooperation’, address to the IISS/SDSC Conference.


24 Then incumbent Prime Minister Paul Keating predicted that a Howard Government would be rejected by Asian leaders. See Wesley, The Howard Paradox, p. 8.


26 Sherlock, ‘Australia’s Relations with China: What’s the Problem?’


Howard’s Long March

30 Sherlock, ‘Australia’s Relations with China: What’s the Problem?’
33 Sherlock, ‘Australia’s Relations with China: What’s the Problem?’
34 Sherlock, ‘Australia’s Relations with China: What’s the Problem?’
37 Downer in his first major foreign policy speech said: ‘Australia is neither Asian nor American nor European. We are Australian and relate to our neighbours as Australians’. See Downer, ‘Australia and Asia: Taking the Long View’.
43 Kelly, Howard’s decade: An Australian Foreign Policy Reappraisal, p. 10.
47 Downer, ‘Address at a joint Asia House/Austcham luncheon’; and Downer, ‘Security through Cooperation’, address to the IISS/SDSC Conference.