# TAKING STOCK AT FIFTY

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The first four decades of diplomatic relations between Australia and the People's Republic of China (PRC) proceeded largely along an upward trajectory. Increasing institutional, economic, cultural, and other links drew the two countries and peoples closer. There have been times of friction, including a period of several years after the killing of prodemocracy protesters on the streets of Beijing in 1989. But these have generally been followed by periods of rebuilding: Deng Xiaoping's reaffirmation of the economic reforms in 1992 led to an economic resurgence that saw a boom in Australian exports to China of iron ore, among other things, and with them, Australian goodwill towards the PRC. The thrust of the most recent decade, however, has been downwards.

## Decade of Deterioration

Marking the fortieth anniversary of diplomatic relations in 2012, the Australian embassy in Beijing declared the relationship with China to be one of its most important. The bilateral relationship, it said, was 'based on shared interests and mutual respect, an approach which offers the best prospects to maximise shared economic interests, advance Australia's political and strategic interests, and manage differences in a sensible and practical way'.[1] Two years later, the relationship was looking stronger than ever. The then prime minister, Tony Abbott, even invited China's new leader, Xi Jinping, to address the Australian Parliament. Together, they witnessed the signing of a declaration of intent for a free-trade agreement between the two countries, while other bilateral agreements signed at the same time enhanced Australian–Chinese cooperation in Antarctica, agreed to establish a renminbi clearing bank in Sydney, and boosted cooperation in investment and education. The leaders upgraded the relationship to a 'comprehensive strategic partnership'.[2]

Within four years, the bilateral relationship had turned tense. Canberra, still under a coalition government, had come to perceive China's rise as a threat. Among the concerns were political influence operations. Acting on Australian Security Intelligence Organisation (ASIO) advice,

in 2018 the government passed nine laws intended to prevent foreign interference. Although China was not explicitly named, it was no secret that concerns about the PRC prompted the hurried drafting of the bills. Among other things, it had been revealed that a Chinese businessman and long-time resident, Huang Xiangmo 黄向墨, who had made millions of dollars in political donations, was connected with the Communist Party of China (CPC) through various United Front organisations; he was barred entry to Australia on national security grounds the next year. Australia also banned Huawei from its 5G networks in 2018.

Beijing was openly displeased and relations soured. In 2019, the writer and Australian citizen Yang Hengjun 杨恒均 was arrested at an airport in China (he has maintained his innocence and alleges he has been tortured; as of early 2023, he had been convicted but not yet sentenced on charges of espionage). Other reasons for strained relations included ongoing Australian criticism of human rights abuses in Xinjiang.

After the Morrison government made its unilateral demand for an independent investigation of the origins of COVID-19 in early 2020, which Beijing characterised as Australia playing 'political games', the relationship began a further rapid downward slide. Beijing applied de facto trade sanctions against selected Australian exports including wine, lobsters, beef, barley, and coal worth more than A$5.4 billion. It also suspended high-level official contacts. Towards the end of the year, a Chinese official presented a list of fourteen 'grievances' the country had with Australia to a journalist from Channel 9 at a meeting in Canberra. Predictably, these included unhappiness with the Huawei ban, the call for an inquiry into the origins of COVID-19, the foreign interference laws, limits on foreign investment, and Canberra's criticism of human rights abuses in Xinjiang. The list also cited 'unfriendly or antagonistic' media reports about China that it claimed were poisoning relations.

Other Chinese officials, meanwhile, threw fuel on the fire by responding to the official inquiry into possible Australian war crimes in Afghanistan by tweeting a mocked-up picture of an Australian soldier slitting the throat of an Afghan child, sparking widespread outrage.[3] Attitudes towards the PRC

hardened among politicians and the public at large. The following year, Australia signed up to the AUKUS security pact with the United Kingdom and the United States.

The AUKUS pact, under which the Australian Navy will acquire nuclear-powered submarines, went far beyond the Australia, New Zealand, United States Security Treaty (ANZUS Treaty) of 1951. That had served as a general assurance against the possibility of a militaristically resurgent Japan as well as any communist threat from the north. The AUKUS pact was created specifically (if never explicitly) against the perceived threat from a rising and assertive China in the Indo-Pacific, where China was ramping up military activities around disputed islands in the South China Sea and the Taiwan Strait, among other things. In joining AUKUS, Australia not only compromised its long-held stance against nuclear proliferation, but also tied itself more firmly to the US war chariot. Because it integrates Australian troops with UK and US forces to 'move beyond interoperability to interchangeability', critics question whether Australian forces will potentially be subject to the command of US-led military operations in the future, though both sides deny this is the case.[4]

By ditching its original deal with France to build conventional submarines in favour of nuclear ones, Australia not only incurred French fury, but also provoked anxieties among regional neighbours, including its closest partner, New Zealand, which pursues a nuclear-free policy. The lengths to which Australia has gone to secure the AUKUS pact indicate the threat to national security it sees in the growing power of the PRC.

## Antecedents and Precedents

Laws and regulations to prevent foreign influence have historical precedents in both countries, including Australia's *Immigration Restriction Act* of 1901, known as the White Australia Policy. Imperial China also imposed closed-door and seclusion policies, including those aimed at shutting ports 海禁 or closing passes in the Great Wall 闭关自守 to ward off 'barbarian' infiltration.

Both Australia and the PRC had previously suspended bilateral political contacts. Canberra cancelled official exchanges in response to the 4 June crackdown in 1989 and Beijing called off high-level visits to protest what it regarded as 'unfriendly acts' by the Howard administration in 1996 including increasingly close alignment with the United States.[5] Howard's assurances towards the end of 1996 that this alignment had not changed Australia's China policy defused those tensions. Beijing again suspended high-level visits over irritation with various actions of the Rudd government. Still, towards the end of 2009, then vice-premier Li Keqiang 李克强 visited Australia and the two countries signed a joint statement affirming their desire for an increasingly comprehensive, mutually beneficial, respectful, and cooperative relationship.[6] By then, China had become Australia's single largest trading partner (relegating Japan to third place).

Beijing's trade punishments of 2020 were the first major sanctions since 1971, when the PRC suspended wheat imports from Australia to register its displeasure with the McMahon government's refusal to normalise relations.

## Ingrained in History

Fear of their surroundings was a central part of the experience of European settlers in Australia in the eighteenth century. This was true for the alien land in which they found themselves, with its unfamiliar flora and fauna, harsh environment, and the First Nations peoples whose languages, laws, and customs they did not understand (or respect).

It was also true of the broader region. The nineteenth-century gold rush saw the China-born population of Australia swell to more than 38,000 by 1861, or 3.3 percent of the total population,[7] sparking fears of being overrun by 'Mongol hordes'. Yet, it was not an uninflected story, featuring such figures as the Guangzhou-born tea trader Quong Tart, who became a leading businessman and society figure in Sydney in the late nineteenth century.

Australia stationed a trade commissioner in China from 1921 to 1922 and, in 1934, the deputy prime minister, John Latham, led a trade mission there. Two years earlier, Chinese residents of Australia founded a lecture

series named for the Australian China correspondent George E. Morrison that aimed to further cultural understanding of China in Australia (based at The Australian National University, the Morrison lectures are still going nine decades on).

Australia first came into focus for, especially southern, Chinese in the late Qing dynasty (1644–1911 CE) as 'New Gold Mountain' 新金山 (San Francisco was 'Old Gold Mountain' 旧金山). Despite the racist exclusionary laws of the twentieth century, Melbourne hosted a Chinese consul-general in 1909 and, in 1930, the Republic of China's soon-to-be president Lin Sen 林森 visited Australia.

In 1941, Australia appointed its first official envoy to the Nationalist government in its wartime capital of Chongqing, three years after the Japanese invaded China. The Department of External Affairs argued that establishing a legation 'at a most unfavourable time and when few reciprocal material benefits can result, will probably create a profound impression on Chinese minds, and have incalculable consequences in our future relations'. Frederic Eggleston, the first envoy, maintained that China 'held the key' to peace in the Pacific.[8]

The establishment of the PRC under the CPC changed everything. The historical fear of the 'yellow peril' that had inspired the White Australia Policy evolved into terror of the 'red menace' of communism. Australian soldiers followed the US soldiers into the Korean War. Canberra maintained formal relations with the Nationalists, who had relocated the Republic of China to Taiwan after 1949.

Then, while still in opposition, Gough Whitlam led a delegation to China, where he met with Mao Zedong; in 1972, as prime minister, he normalised relations with the PRC.

During the first two decades after the normalisation of diplomatic relations, and especially after Deng's determination to modernise and reform China and open its doors to the world, the business, academic, and cultural communities of both nations responded with enthusiasm to the opportunities for exchange and engagement, including in the economic sphere. Trade and investment grew. Deng's reform and open-door policies

**Gough Whitlam during his visit to China in 1973**
Source: National Archives of Australia, Wikipedia

gave some in Australia and elsewhere in the West (misplaced) hope that the CPC was also heading down the path to liberal democracy. The violent crushing of the prodemocracy protests of 1989 dashed this hope.

Several years later, after Deng made it clear that China would not reverse the course of reforms and expanded the role of the market, China's economy boomed. Its need for massive amounts of iron ore gave the Australian economy a huge boost as well. Soon one of every three export dollars earned, including from tourism and education, came from China.

However, the old anxieties never entirely went away. When asked in 2015 by German chancellor Angela Merkel to sum up Australia–China relations, prime minister Abbott famously responded, 'fear and greed'. Yet, there was still significant cooperation and perceived opportunity on both sides: in 2016, Australia became a founding member of China's Asian Infrastructure Investment Bank (the United States and Japan declined to join).

It did not take long for fear to trump greed. By the middle of the 2010s, unease was growing about Beijing's increasing assertiveness in the region, including the Pacific, which Australia considered its natural sphere of influence. The rapid modernisation and empowerment of the People's Liberation Army (PLA) and Australia's growing economic dependency on trade and investment with China fed the unease.

## Recent Baggage

Not long after Donald Trump was elected US president in 2016, Washington launched a virtual trade war with China. As prime minister of Australia, Malcolm Turnbull banned Huawei from Australia's 5G networks and introduced the foreign interference laws. Beijing once more suspended high-level contacts with Canberra in protest. Turnbull's successor, Scott Morrison, who took office in 2018, had several opportunities to restore direct dialogue with Beijing. He met with Premier Li Keqiang in Singapore during the Association of Southeast Asian Nations (ASEAN) summit in November 2018 and again in Bangkok on the sidelines of the East Asia Summit in November 2019. He also met with Vice-President Wang Qishan in Jakarta at Indonesian president Joko Widodo's inauguration in October 2019. But the distrust between the two sides was so deep that no progress was made.[9]

As discussed above, the bilateral relationship worsened when Beijing took offence at Canberra's call for an international inquiry into the origins of the COVID-19 pandemic, imposing de facto trade sanctions. Canberra hardened its stance and the AUKUS pact was born.

## Present Reality: Glimmer of Hope?

In January 2022, a new Chinese ambassador, Xiao Qian 肖千, arrived in Canberra, declaring that Beijing was ready to 'actively develop friendship and cooperation with Australia' and 'willing to work with Australia to meet each other halfway'.[10] But with Yang Hengjun and another Chinese Australian journalist, Cheng Lei 成蕾, still in prison in China, where their health was said to be deteriorating, and other bilateral tensions unresolved, Morrison refused Xiao's offer of a meeting — a stance supported by then opposition leader Anthony Albanese.[11] Russia's invasion of Ukraine the next month, not long after Xi Jinping and Russian president Vladimir Putin met in Beijing and declared that the friendship between their two nations had 'no limits', further stressed relations.

**The main entrance to the Chinese embassy in Canberra**
Source: Nick-D, Wikipedia

With a federal election looming, the coalition government focused attention on the issue of national security, including the threats posed by China. The defence minister, Peter Dutton, fronted the press a week before the election in May 2022 to make an issue of a sighting of PLA Navy vessel *Haiwangxing* 250 nautical miles off the coast of Western Australia.[12]

By the time the prime-ministerial baton was passed to Anthony Albanese in May 2022, Australia's political relationship with the PRC had reached its lowest point in fifty years of diplomatic relations. Premier Li sent Albanese a congratulatory message along with a wish for 'sound and steady' relations with Australia. The Albanese government, with Penny Wong as foreign minister, had a similar goal. It set a different tone in its rhetoric towards China: firm on principle but minus the aggressive edge.

Albanese insisted, however, that there would be no reset of relations without Beijing ending its trade punishments. Before long, significant meetings were taking place. In June, the new Australian defence minister, Richard Marles, met with his Chinese counterpart, Wei Fenghe, at the Shangri-La Dialogue in Singapore. In July, Foreign Minister Wong met her counterpart, Wang Yi 王毅, at the G20 Foreign Ministers' Meeting in Bali — 'an important first step', in her words.[13]

In August, Ambassador Xiao addressed the National Press Club in Canberra, calling for a reset in the relationship based on a return to mutually beneficial economic relations and less argument over values — or, as journalist Katharine Murphy summed it up in *The Guardian*: '[M]ore trade and less trash talk.'[14] Xiao warned Australia not to pick sides between the United States and the PRC, and to stay out of the Taiwan issue.

In November, President Xi met Prime Minister Albanese on the sidelines of the G20 Summit in Bali. It was the first such high-level meeting in six years. No great announcements followed, but, as Laura Tingle wrote in the *Australian Financial Review*, 'the most important thing to be said about the meeting was that it took place at all'.[15] Albanese observed: 'There are many steps yet to take. We will cooperate where we can, disagree where we must, and engage in our national interest.'

In December, Penny Wong travelled to Beijing for the fiftieth anniversary of relations, where she and her counterpart, Wang Yi, met for 90 minutes and agreed to reopen structured, regular dialogue on issues ranging from trade to consular affairs, climate change, defence, and regional affairs, and to maintain 'high-level engagement'. Wong remarked: '[T]he ice thaws, but slowly.'[16]

While politicians took their first steps, business made strides. In September, Australian mining giant Rio Tinto and China's largest steelmaker, Baowu 宝武 Steel, announced a two-billion-dollar joint venture to develop the Western Range iron ore project in the Pilbara region of Western Australia. With Rio Tinto owning 54 percent and Baowu 46 percent, the joint venture would begin construction in 2023 and produce about 275 million tonnes of iron ore over thirteen years, generating 1,600 jobs in Australia. The project would cement long-term cooperation in this key sector.

From the time of the imposition of the trade punishments in 2020, Australian businesses had worked hard to diversify their customer base to reduce dependency on the Chinese market. Chinese enterprises similarly strove to reduce their own dependency on Australian goods and inputs and increase their bargaining power over key commodities. Two months before its joint venture with Rio Tinto was announced, Baowu had joined

with other major Chinese steel producers, including Ansteel, Minmetals, and Shougang, to form the China Mineral Resources Group 中国矿产资源集团. Headquartered in the Xiong'an New Area 雄安新区 about 100 kilometres south-west of Beijing, this supersized new entity, with twenty billion yuan in registered capital, is being closely watched by Australian mining companies, which regard it as an attempt to centralise China's iron ore purchasing. The impact of this will soon be apparent.

## Looking Ahead

At the time of writing, diplomats from both countries are working towards the resumption of regular high-level dialogue between Canberra and Beijing and stabilised relations. How future relations pan out will depend on several key factors. Beijing responded angrily to Foreign Minister Wong's criticism of the live-fire exercises conducted by the PLA around Taiwan in response to US congresswoman Nancy Pelosi's visit in August as 'disproportionate and destabilising'. Beijing viewed Wong's criticism as part of an orchestrated Western campaign to contain China rather than the expression of legitimate concern over action with the potential to destabilise the region and even provoke war.

One reason for this is that given Australia's historical alliance with the United States, plus the Quadrilateral Security Dialogue (Quad), and the AUKUS pact, Beijing is wary of Australia joining what it sees as an orchestrated, US-led campaign to contain China. A more independent foreign policy could allow Australian leaders, following the tradition of prime ministers from Bob Hawke to John Howard, to play a useful mediatory role between Washington and Beijing.

In the absence of a fundamental shift of US policy towards China, however, Australia–China relations are unlikely to recover the warmth with which they began fifty years ago.

The relationship is not just a matter of governments, of course; it also rests on public perceptions. Chinese officials like Foreign Ministry spokesman Zhao Lijian and media including the *Global Times* have not done Beijing many

favours with the 'wolf warrior' rhetoric of recent years, including comparing Australia to 'gum stuck on China's shoes' and a 'paper kitten' (versus the United States as a 'paper tiger'), and tweeting the offensive doctored image of the Australian soldier in Afghanistan. Public sentiment is also influenced by such things as the ongoing imprisonment of Yang Hengjun and Cheng Lei, the absence of Australian journalists in China (the last two left in 2020 after threats and interrogation),[17] widely reported human rights abuses in Xinjiang and elsewhere, and incidents such as the one in June 2022 in which a Chinese military aircraft cut across the path of an Australian maritime patrol plane and released metal chaff into the Australian plane's engines.[18]

Not surprisingly, Lowy Institute polling in 2022 revealed that only 12 percent of those surveyed said they trusted China 'somewhat' or a great deal — a forty-point decrease since 2018. The same surveys, interestingly, revealed that a decreasing percentage of Australians aged eighteen to forty-four believed Australia should support the United States in a conflict with China, and an increasing percentage of that same cohort believed Australia should remain neutral.[19]

There has been disagreement among China watchers about the extent to which the language used by the media has affected Australian attitudes towards China. The list of fourteen grievances presented in 2020, for example, was often mistranslated as fourteen 'demands'. Media reports also used the word 'demands' in translating the four 'points for consideration' or 'suggestions' 四点建议 of Chinese foreign minister Wang to Penny Wong in July 2022.[20] Another, widely discussed example related to Xiao's address to the National Press Club. Former ambassador and China scholar Stephen FitzGerald was among those who criticised reporters for focusing not on what FitzGerald characterised as 'a friendly, conciliatory and constructive' speech, but on the ambassador's answers to journalists' questions on Taiwan.[21] On the other hand, those answers were the most newsworthy aspect of an otherwise platitudinous speech, especially when Xiao denied that an attack on the island could be characterised as an 'invasion' and addressed the issue of potential Taiwanese resistance to forced reunification

with what many observers found to be a chilling warning: '[T]here might be a process for the people in Taiwan to have a correct understanding of China, about the motherland.'

## The Way Ahead: Back to Basics

Some thirty-six universities across China have Australian studies centres. In contrast, only twenty-odd tertiary institutions in Australia offer Chinese studies of one kind or another, and this number includes universities where the only courses on China or the Chinese language are taught by Confucius Institutes (controversial organs of Chinese 'soft power', answerable to the Chinese government).[22] In 2019, then opposition frontbencher Chris Bowen claimed that there were only about 130 people in Australia of non-Chinese background who spoke Mandarin well enough to do business in China. The ABC fact-checked his claim and concluded it was a reasonable guess. The point is, whatever the exact number, there is a very small pool of non-Chinese Australians who can read, write, and speak Mandarin proficiently. In China, hundreds of millions of people study English, and it is estimated that at least ten million are conversant in it. If knowledge is power, this is a power imbalance. Unlike imbalances that arise out of geopolitical or economic circumstances, this one should not be hard for Australia to remedy. Cultivating greater China expertise in Australia is not a magic pill that will solve the substantial and ongoing issues in the relationship. But it can help in the search for solutions.

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