



THE UNIVERSITY OF
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China Studies Centre

Understanding China Brief



What now for Australia-China relations?

This Understanding China Brief results from a [roundtable](#) discussion organised by the China Studies Centre on 3 June 2022 to examine Australia-China relations after the Federal Election.

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After the May Federal Election, Labor Party leader Anthony Albanese was sworn in as the new Prime Minister of Australia. What could this change in government mean for future Australia-China relations? At the China Studies Centre event on 3 June, four experts and practitioners in Australia-China relations discussed the bilateral relations over the past few years and the prospects for future political, social and economic interactions.

The discussion was chaired and moderated by **Glenda Korporaal** of *The Australian*, and panel members included:

- **Jocelyn Chey**, Visiting Professor at the University of Sydney
- **Kevin Hobgood-Brown AM**, Managing Director of HHK Advisory Pty Ltd
- **James Laurenceson**, Director of the Australia-China Relations Institute at the University of Technology Sydney.

About the speakers

Jocelyn Chey is Visiting Professor at the University of Sydney and Adjunct Professor at Western Sydney University and UTS. Her career with the Department of Foreign Affairs and Trade spanned thirty years from the 1970s to 90s, including two postings in Beijing and as Consul General to Hong Kong and Macau 1992-5. She was awarded the Medal of Australia (AM) in 2009.

Kevin Hobgood-Brown AM is the Managing Director of HHK Advisory Pty Ltd, a corporate advisory firm focussed on investment and infrastructure projects involving Australia and China. Kevin was an international law firm partner where he had postings in Beijing, San Francisco, Taipei and Sydney. Kevin served as the Deputy Chair of the Australian government's Australia-China Council. He was the national President of the Australia China Business Council from 2005 through 2008. He is the Chair of the Advisory Board of the China Studies Centre of Sydney University and serves on the Advisory Board of the Institute of Australian and Chinese Arts and Culture of Western Sydney University. Kevin taught at the Law School of Beijing University from 1983-87. Kevin is the immediate past Chair of the Foundation for Australian Studies in China, a non-profit foundation created in 2011 to support the BHP Chair of Australian Studies at Beijing University and to support the 37 Australian Studies centres located at Chinese universities and institutes throughout China.

James Laurenceson is Director of the Australia-China Relations Institute at the University of Technology Sydney. He has previously held appointments at the University of Queensland (Australia), Shandong University (China) and Shimonoseki City University (Japan). He was President of the Chinese Economics Society of Australia from 2012-2014. His academic research has been published in leading scholarly journals

including *China Economic Review* and *China Economic Journal*. Professor Laurenceson also provides regular commentary on contemporary developments in China's economy and the Australia-China economic relationship. His opinion pieces have appeared in *Australian Financial Review*, *The Australian*, *Sydney Morning Herald*, *South China Morning Post*, amongst many others.

Glenda Korporaal (Chair) is a Sydney based journalist and writer with a focus on business, economics, and international relations. The author of several books, she has worked for the *Sydney Morning Herald*, *Australian Financial Review*, *The Bulletin* magazine, and the *Australian* newspaper. She has worked in Canberra, London, Washington, New York, Singapore, Hong Kong, and Beijing. She is currently a contributor to the *Australian* newspaper, a member of the board of advisers to Sydney University's China Studies Centre and an adjunct industry fellow at the Australia China Relations Institute at UTS. She has been interested in China since visiting the country on a "farm study tour" in 1978. She followed up with many visits to the country including covering the Beijing Olympics in 2008, travelling to the Expo in Shanghai in 2010 and attending several Boao Forums on Hainan Island. Her interest in China saw her appointed the China correspondent for the *Australian* in 2018 -2019. She has a Commerce Degree from the University of New South Wales and a Master of Arts (Economics) from George Washington University in Washington DC. Her latest book is *Making Magic: The Marion Mahony Griffin story*, the first biography of one of the first woman architects in America who, with her husband Walter, developed the winning plan for the design of Canberra in 1911. She is also a board member of the Walter Burley Griffin Society of Australia. She was awarded an OAM for her services to newspaper journalism in the Australia Day Honours of January 2019.

Almost every aspect of China's dramatic transformation has had an impact on Australia. Specifically, during the post-Global Financial Crisis period, China's massive investment in domestic infrastructure systemically contributed to Australia's economic growth by stimulating the prosperity of the Australian mining industry. China's military modernisation has though transformed Australia's security environment, particularly Australia's alliance with the US, which risks entangling Australia in a China-US conflict.

The relationship has been in a well-documented downward spiral in recent years. The outbreak of the pandemic exacerbated the political dispute because of Canberra's call for an independent investigation into the origins of COVID-19 in April 2020. In response, Beijing has targeted several Australian industries with economic sanctions since May 2020. People worry Australia is likely to keep suffering under repeated rounds of Chinese economic coercion unless a way is found to restore relations with what has been Australia's largest export partner.

While the major parties may take a bipartisan approach to China affairs, the new government has still been expected to overturn the current confrontational relations and attain a relationship that essentially benefits Australia.

Australia and China Have Both Changed

To look to the Federal Election and the new government, Hobgood-Brown suggested that the change of government in May could be a tipping point in bilateral relations because Beijing has extended its olive branch to the new Prime Minister through the congratulatory message and the new government's pledge not to politicise China for domestic political purposes. It reflects a new mindset to dealing with China. However, Prime Minister Albanese's insistence on the '[China has changed](#)' narrative while asserting that Australia has not changed raises doubts about the new government's ability to transform the deteriorating relationship into a more beneficial one because the current situation is not solely the result of Beijing's unilateral actions.

What changes have occurred in Australia? 'It's about how we perceive our place in the world,' Chey said. According to her, Australia has reverted to an island nation mentality. She emphasises, 'We know what's best, and we'll rule the world based on British imperial traditions.' Driven by this mindset, Australian foreign policy has shifted in recent years to an anti-globalisation stance, with a focus on becoming more self-sufficient and autonomous. In this context, China has been portrayed as a security risk rather than a trading partner.

Laurenceson also emphasised the changes that have occurred in Canberra. He claims that there has been a noticeable shift in government rhetoric and attitude towards China from 2019 to 2020. In 2020, the Morrison government became less tolerant of the differences between Australia and China, and he implemented an anti-CCP policy that leaned towards the US position. As a result, the narrative that China alone has changed,

as Laurenceson asserts, 'is fundamentally dishonest and certainly unhelpful.'

Chinese-Australian Voters, Academics, and Anti-China Rhetoric

Today, approximately 6% of the Australian population is of Chinese descent. Three speakers acknowledged that the coalition had suffered a massive backlash in the electorates of many Chinese Australians as a result of the Liberals' hawkish anti-China rhetoric in recent years.

According to Hobgood-Brown, anti-China rhetoric has gotten out of hand. Many of his Chinese-Australian colleagues have and been offended by anti-Chinese rhetoric and have felt antagonism against them in the last 18 months, even though they are not supporters of the Chinese Communist Party.

According to Chey, the shift in Chinese-Australian voters' preferences reflects yet another social consequence of Australia's political descent into an 'island mindset.' It is encouraging to note that the new government has recognised how society has evolved and reverted to the use of the term 'multicultural', which had been abandoned by the previous government.

The anti-China rhetoric has undoubtedly spread and has a broader social impact. Laurenceson, for example, warns that academics who disagree with Canberra risk being labelled as agents of the Chinese Communist Party by the media.

When asked how to address these unwelcome social consequences, Chey emphasised 'dialing down the rhetoric' and (in the words of the late Professor Bertie Davis of this university) 'seeking love and truth'.

Bilateral Political Disputes and Australian Business

Bilateral political disputes have hampered China-Australia trade relations. In response to Canberra's call for a global COVID-19 origin inquiry, Beijing imposed [economic sanctions](#) on Australian barley, beef, lamb, lobster, wine, timber, cotton, and coal beginning in May 2020, accounting for approximately 13% of China's merchandise imports from Australia in 2019.

Iron ore exports and high prices [offset](#) China's economic coercion, sustaining Australia's overall economic resilience. The Chinese market remains crucial to Australia's economic prosperity. At the commodity level, the [cost](#) of lost export revenue in the Chinese market is significant. [Diversification](#) of export destinations has not compensated for market losses caused by China's economic coercion and discriminatory purchasing. When the gains in export diversification are compared to the losses in the Chinese market, the latter are significantly greater in and after the COVID-19 pandemic.

Given Australia and China's natural trade complementarity, Australian businesspeople are eager to see the two governments improve their relationship. Regarding trade relations, Laurenceson contended that Canberra should treat economic risks from exposure to China by listening to business-people's suggestions because these people have a more comprehensive understanding of global market mitigation mechanisms than security experts. Hobgood-Brown urged the government to include economic security in the national security debate. For him, Australia's economic success is frequently the foundation of its trade and investment relationships with China, and it has been a significant factor in the development of Australia's economic security.

Diplomacy's Role

According to the [consensus](#) in Australian foreign policy circles, the importance of diplomacy as a tool for achieving foreign policy goals has declined during the Morrison government. The intense relationship with Beijing has long been regarded as one of the consequences of diplomacy's marginalisation.

They expressed her disappointment with the Morrison government's weaponisation of China. The then prime minister refused to meet the new Chinese ambassador to Australia because he thought it might show weakness and even affect the upcoming Federal Election. They believed that the new government should approach relations with China in a more rational and diplomatic manner. The 50th anniversary of Australia-China relations, for example, could provide an opportunity for both sides to rebalance the relationship. Of course, sophisticated diplomacy is required to accomplish this.

Lastly, this briefing ends by quoting Jocelyn Chey's seminal suggestion of embracing a 'Family Hold Back' mentality. She said, "We need partnerships with other countries, and we should not dictate to them what they should be doing. We should share with them. Whatever little we have, we share; we share the pain, we share their sorrows, and we share their achievements...And the way to get on with difficult neighbours is, if you've got a problem, not to pick a fight. It's best to take it to a non-confrontational international forum. If you've got something positive to say, then say it directly to them and face to face."

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