

Wresting China diplomacy back off the securicrats

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In the fading days of the Morrison government, two important decisions are likely to be overlooked. Both came last week. One was to establish the National Foundation for Australia-China Relations and the other the appointment of a new ambassador to China.

The foundation is a significant and overdue initiative. It had long been argued, and was evident by the parlous state into which the relationship was allowed to slip, that the way the Australian government manages the relationship with China did not reflect contemporary realities.

China requires special treatment in our bilateral relations. Not because of any preferment, but because it presents unique challenges and issues arising from the depth of Australia's economic dependency on it, its scale and weight in the region, and because it is so different from Australia in values, and political and social organisation.

The new foundation suggests that sounder foreign policy voices are again being heard in Canberra. The Turnbull/Bishop management of the relationship was characterised by strident language, posturing and the marginalisation of the Department of Foreign Affairs and Trade by the security establishment. While Turnbull – just before his ousting – much belatedly tried to reset relations with China, it was too little too late.

Self-defeating approach

Soon after becoming Prime Minister Morrison continued with the Turnbull reset but with little appreciable impact on the relationship.

The reality of Australia's relations with China is that it is asymmetrical. Australia needs China more than it needs us. To say this in Canberra has marked one out as a supine "panda hugger". All the bureaucratic incentives have been on the side of getting tough with China. The cumulative effect of which has been China's official downgrading of relations, severely restricted access, few high-level visits,

and some commercial disruption without any obvious gains for this pain. In short, it has been a self-defeating approach.

To say the relationship is asymmetrical does not mean that Australia is without assets and influence with China. It simply reflects the fact not only of the depth of our economic dependency, but that Australia's broader foreign policy and security interests are increasingly shaped by China's behaviour. Australia needs to be able to, as far as it can, seek to influence China's behaviour by deploying our strengths and assets skilfully. Instead, in recent years, the Australian government has successfully marginalised Australia in China. It is neither in Australia's nor China's interests that this continues.

Australia's economic dependency on China – greater than almost any other country – derives from the unique complementarities between the two economies. Australia had this with Japan and to a lesser extent other rapidly industrialising economies in north-east Asia. The difference with China is its size.

Deep structural reasons

Much hand wringing goes on in government, the media and the conference circuit about how Australia should not have all its "eggs in one basket". Hence the wishful thinking, for example, that somehow – usually if the Australian government were only to put enough resources into it – India would provide an alternative vent for Australia's exports and reduce our dependency on China. Years of effort along this path, starting with the Rudd government, have not moved the dial. A decade later, Australia is more dependent on China than ever. This is because of deep structural reasons, not lack of foresight or effort.

The fact that the China Foundation has been established and funded and not something similar on India – despite the government's major report on relations with India last year – might finally be recognition that the rebalance with India approach has largely failed to deliver.

The dilemma, of course, is that China is not like us. It does not at the official level share our values about human rights, rule of law, media freedom and freedom of religion and of association. In its international relations it often behaves like a bully. None of this would, and did not, matter much when China was poor and inconsequential.

The world has now changed but Australian governments have been irresponsibly slow to catch on.

Yet a new foundation with a \$44 million budget, as welcome as that may be, is not going to be able to make up for the neglect of the relationship overnight no matter how able its leadership under Warwick Smith may be. Its main significance for now, at least, is that it symbolises a change in direction in government thinking about managing Australia's increasingly complex and challenging relationship with China. In foreign policy symbols, like words, can be powerful.

The announcement of the appointment of Graham Fletcher as Australia's next ambassador to China at the same time as the foundation's announcement is also an important symbol about changing the management of the relationship and will be understood as such by China. The present ambassador's wish to leave the post and the likelihood of Fletcher's appointment had been an open secret within Canberra for some time. The announcement could have been made earlier but has been linked to the foundation. This is well judged to increase the impact of both.

Good judgment

Minister Marise Paine has also shown good judgment in appointing a professional career diplomat and not following the self-indulgent pattern of her predecessor under whom the number of political appointments increased, including in sensitive posts such as Tokyo where professionals are usually sent.

It is as if Fletcher has been preparing for this appointment for all his three decades in DAFT, which in effect he has. In addition to speaking excellent standard Chinese – the first since Stephen Fitzgerald was appointed Australia's first ambassador to China in 1973 – he has served in Beijing on three occasions. Helpfully, he also served as deputy head of mission in Washington which gives both perspective on the US' approach to its relationship with China and credibility. His predecessor had also served at a high level in our embassy in Washington. He is tough-minded and taciturn and enjoys the diplomatic combat with China which is necessary to excel and not merely survive in the role.

The biggest challenge for any ambassador in China, however, is less the Chinese but more the management of Canberra and attitudes in Australia more broadly. The tendency in Australia is to swing from embrace to estrangement and back again. The ambassador needs to keep everyone focused on what Australia's interests are and how best they can be advanced in the context of an asymmetrical relationship with the resources at hand.

Tough issues

Fletcher takes up his appointment when the doldrum in the relationship is stretching beyond its second year and when China is showing little appetite to restore relations to where they had been.

The list of tough issues he will need to handle is long and getting longer, coal and Huawei being the most recent additions. His task in some respects, however, is easier than it would be for others. He has already overseen the preparation of the briefing for ministers on all the issues in the bilateral relationship.

It is to be hoped that China recognises both the change in substance in the management of the relationship and the significant symbolism of these two announcements and takes steps itself to respond in constructive ways.

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