

## **A new China narrative for Australia**

### **Submission by John Lee**

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The 'New China Narrative' admirably covers the range of issues involved in Australia's relationship with China, including under-discussed topics such as China's role in emerging technologies, the issue of 'China literacy', and the situation of the Chinese-Australian community. But while it refers to China's growing impact on 'how our region operates and is governed', the document could deal more prominently and extensively with this issue. This is a general omission in Australia's public discussion about China, and the one that most urgently needs to be addressed in our China policy.

As observed by other commentators on this draft, a narrative should be preceded by a strategy that identifies Australia's interests and the conditions for their fulfilment. Australia's statements of defence and foreign policy have consistently prioritised security and prosperity in our region, which to avoid the debate between 'Asia-Pacific' and 'Indo-Pacific' can simply be conceived as 'Asia'. Asia is the centre of gravity for global economic growth, and its geographical proximity defines Australia's security environment. The first situation is unlikely to change in the foreseeable future, while the second certainly won't.

Today, most of Australia's foreign trade and migrant intake involves Asian nations. Asia is increasingly prominent as a source of Australia's foreign inward investment, international research collaborations and technological imports, with China being dominant but not exclusive in this picture. Conversely, slowing growth or political instability in Asia would impact Australia through depressed exports, refugee flows and the spread of terrorism and organised crime. And Asian nations, primarily China but increasingly others as well, are acquiring military capabilities that could threaten Australia's overseas communications and even the Australian mainland.

Because Asia is so definitive for Australia's interests, our China strategy and narrative must give central consideration to the role that China will play across this region. Current trends are towards Chinese influence around Asia becoming increasingly pervasive. China is now the largest one or two-way trading partner for almost every Asian country, Chinese investment across Asia is increasing steadily, and Chinese firms and technologies are increasingly embedded in Asian economies. The growing presence and influence of China around our region will impose more complex and risk-laden choices on Australian decision-makers in the near future.

To give one example, the Australian government has issued vendor guidance for 5G mobile networks that effectively excludes Chinese firms, while the US government has made clear its expectation that allied states prohibit Huawei's involvement in their 5G networks. Yet excepting

Japan, no Asian nation has taken this step, and several (including US security allies) have already allowed Huawei to tender for or commence building 5G infrastructure. What implications does this have for Australia's future economic integration and security cooperation with these countries? If 5G becomes the wireless backbone for a Fourth Industrial Revolution and Internet of Things, will Australia face the choice of reducing our connectivity with other Asian states in order to mitigate security risk from China?

So far, Australia's public debate on China has given relatively little attention to how China's growing presence and influence around Asia will shape our choices. This is the main deficiency that a 'New China Narrative' should address. Most Asian nations' response to Chinese power will probably involve a mix of pushback and accommodation, but the latter may well lead to situations that are problematic from an Australian viewpoint, as the 5G example illustrates. And whatever the prospects for US power in Asia, it is unlikely to stem the expansion of China's influence on many fronts.

This draft of the 'New China Narrative' frames the challenge in terms of working with 'like-minded Asian countries' to set mutually acceptable rules for the region. While this would be an ideal outcome for Australia, we must prepare for situations in which clear norms cannot be fixed and there are few available partners who are 'like-minded', at least in terms of consistent agreement across a range of issues. Recent history does not suggest that Asia will readily generate strong norms even where formal dialogue frameworks exist, with the South China Sea Code of Conduct negotiations being a good example. And the variety of interests, values and political complexions across Asia, even in states with democratic institutions, means Australia cannot rely on shared consistency of outlook and policy towards China.

Ultimately, Australia must remain steward of its own interests and values in a region that is ever-more shaped and permeated by Chinese power. However, any 'New China Narrative' should make clear to Australian policymakers, the business community and the general public that this implies increasingly hard choices, and that it is not simply a matter of juxtaposing our interests and values against those of China. Notwithstanding the draft document's optimism that 'we have to engage with the PRC', Australia's leaders may eventually reach the conclusion that the risks of exposure to Chinese technological, economic and military power are unacceptable. But if so, they may need to accept that this will make it hard for Australia to seek its security and prosperity 'in' Asia.

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