

A new Australian envoy could break the impasse with China

By **Michael Clifton**

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Australia should appoint the likes of John Howard or Kim Beazley to start rebuilding bridges with Beijing after the stresses of COVID-19.

Relations are at a low ebb with the People's Republic of China, and the COVID-19 pandemic offers little prospect of a turning tide anytime soon. Ambassador Cheng Jingye's implied threat of a Chinese consumer boycott of Australian products marks a new low. Those hoping to steer Australia's troubled relationship towards less turbulent waters face no easy task.

The impasse must be broken. The appointment of a Special PRC Envoy would signal the Prime Minister's determination to [get relations with China](#) back on track.

Calls to decouple Australia's economy from China are blind to the reality of global supply chains and the laws of supply and demand. Unless there is an unlikely spike in demand for Australian goods and services from other nations in the region, China will remain – by order of considerable magnitude – Australia's most critical trading partner. Merely wishing for market diversification will not make it so.

Own worst enemy

In the midst of the pandemic crisis, Australia can ill afford to be collateral damage in the strategic rivalry between the United States and China. Competition does not preclude co-operation. We need to find a way out of the diplomatic deep freeze with China. Quite clearly, Australia's call for a global inquiry into COVID-19 has done little to thaw relations.

Beijing doesn't make it easy. In the battle to win global hearts and minds, China is often its own worst enemy. Its clumsy exercise of soft power betrays a puzzling inability to gauge action and reaction in the West.

Witness China's threatened consumer boycott. If the ambassador's intervention was intended to sway Australian sentiment in Beijing's favour, it has likely achieved precisely the opposite effect.

China's COVID-19 response may well fall short of best practice, but as shown by Australia's very own Ruby Princess debacle, few can boast a monopoly on best practice. Now is not the time for blame shifting and finger pointing.

Issues fuelling tension between Australia and China remain, including Huawei, foreign investment, foreign influence legislation, militarisation of the South China Sea, treatment of the Uyghurs in Xinjiang, and the detention of Dr Yang Hengjun.

None of these is a bargaining chip to be traded in exchange for concessions. Neither we nor China will "bend the knee" in return for improved relations.

In the wake of anti-Japanese riots erupting across China in 2012, President Xi Jinping and Prime Minister Shinzo Abe eventually found a way to rebuild ties without either side being seen to have ceded to the other. Delicate, diplomatic signals are key to enticing movement away from deeply entrenched positions. This is an example for Australia to follow.

Language matters. Beijing will have taken silent note of Australia's decision to steer clear of the needlessly provocative "China Virus" taunts of the US Secretary of State. There is no advantage in joining a China "pile on".

In a similar vein, the government is taking care to ensure changes to the foreign investment review framework are not framed as targeting Chinese investors. Guarding distressed assets against predatory investors presents a challenge, but buyer appetite will not be confined to China. The threat is global. Again, Beijing will be taking silent note.

Generosity of spirit was a favoured theme of former Westpac chief executive Gail Kelly. Now more than ever is a time for generous spirits to prevail. For example, rather than contrive a media frenzy around Chinese donations of allegedly defective medical equipment to nations across Europe, let's focus on positives such as [Jack Ma's generous donation to the Doherty Institute](#).

Reservations about the methods used should not silence acknowledgment of China's apparent success in flattening the curve in Wuhan. We must counter the strident voices eager to frame COVID-19 in adversarial language of us versus them.

Words need to be balanced by actions. Australian business is hurting, and so too are Chinese companies struggling with export demand shock. Chinese companies will realise that, at least in part, their fate is tied to the success of the Morrison

government's measures to support Australian companies and their workers through to the other side of the pandemic crisis. Our economic fortunes are inextricably linked.

Business relationships

The Trade Minister, the Australia China Business Council and industry peak bodies have been admirably proactive in stressing the importance of companies maintaining business relationships through challenging times. Once lost, relationships of trust are notoriously difficult to recover.

More can be done. Appointment of a Special PRC Envoy would open a new channel of communication with Beijing. Australian business desires a diplomatic breakthrough that better positions Australia for the post-COVID-19 rebuild phase. Suitably eminent candidates might include John Howard, Kim Beazley, Ross Garnaut, Dennis Richardson or Nick Greiner.

Importantly, such an initiative would alert Australian business to the government's willingness to inject fresh impetus into the relationship with China. So, too, would a decision for the Trade Minister or Special Envoy to lead a small but select delegation of business leaders to Beijing.

Of course, closed borders render such initiatives moot for the time being. But the COVID-19 crisis will eventually pass. Australia should be primed to launch at the earliest opportunity. In a post-pandemic world, we will be just one of many nations determined to rebuild bridges with Beijing.

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