

Australia's China problem will only get worse

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Australia today is facing the most severe threat to its economic future in many decades, as Beijing applies an ever-growing range of restrictions on Australia's exports to the world's fastest-growing major economy.

China is by far Australia's biggest market, now taking almost 50% of its exports, and new opportunities there would offer the best prospects to pull the economy out of the COVID crisis. All this has been jeopardized because Canberra has chosen to launch an offensive against China's growing power and influence, which has become more and more strident over the past few months.

Things will likely get worse after Prime Minister Scott Morrison took the extraordinary step this week of visiting Tokyo in person despite the pandemic to help conclude a defense agreement that is unambiguously aimed at China.

Naturally Beijing is displeased. Over the past few weeks a series of administrative measures in China have choked off access for a range of Australian goods including barley, wine, lobsters, timber, copper and wool. Though Beijing officially claims these measures have been taken for technical reasons, the strident attacks on Australia in the government-controlled press make their real purpose clear. Australia is being punished for opposing China's rise.

This all began three years ago when then Prime Minister Malcolm Turnbull, having earlier boasted of his close links and deep understanding of China, began to stridently criticize its regional strategic ambitions and accused Beijing of seeking improper influence over Australian domestic affairs.

He rushed through laws to curb alleged Chinese covert interference in Australia, and launched a diplomatic campaign to encourage other regional countries to resist China's growing power. His government also started to exclude Chinese companies from major infrastructure projects on the grounds that they might be used to apply pressure in a crisis.

But Canberra seemed surprised when Beijing hit back by imposing a diplomatic freeze, cutting off contact between Australia and their Chinese counterparts. Turnbull then made a halfhearted attempt to repair the relationship, which his successor Scott Morrison at first tried to maintain, going out of his way to avoid offending Beijing in his first 18 months in office.

But that all changed in April, when Morrison called for an impartial international inquiry into the origin of the coronavirus on terms which clearly suggested China be held responsible. Beijing hit back by threatening trade access and Morrison, riding a wave of patriotic indignation at home, upped the ante. The anger and recrimination on both sides have escalated from there.

The problem for Canberra is that China holds most of the cards. Power in international relations lies with the country that can impose high costs on another country at a low cost to itself. This is what China can do to Australia, but Scott Morrison and his colleagues do not seem to understand that. They seem to have assumed that China will sooner or later change its mind and back off. At least that is what Morrison suggested in public, when he told Australians that they just needed to be patient and the problems with China would pass.

He has shown no sign of stepping back from his forthright, not to say provocative, statements and policies. On the contrary, almost every week sees new concerns aired about China and new measures announced in response. It is still not clear that the government in Canberra understands just how serious the threat has now become to Australia's future prosperity. And he has no short-term political worries, because while some business groups are now starting to speak out, the weight of press commentary and public opinion are happy to rally behind the government as it stands up to China's bullying.

Morrison has pandered to these emotions by saying that Australia cannot possibly resile from the positions he has taken because to do so would compromise Australia's sovereignty and betray its interests and values. That kind of talk is designed to close down debate by painting dissenters as disloyal, but it misunderstands the nature of sovereignty and underestimates the complex array of competing interests and values that Australia must balance as it adjusts to the new power realities in Asia.

Australians have been avoiding any serious debate on this vital subject for many years. While they have grown rich from China's rise, they have remained convinced that America will still dominate Asia and uphold the rules-based order which will keep them safe from China. Morrison still seems convinced that Washington will solve Australia's China problem for him. That is because, like many other Australians, he still cannot imagine that America's primacy in Asia will ever end.

His Asian counterparts know better. They too rightly fear China's rise, and understand how hard they will have to work to maintain their interests in the face of Chinese influence and pressure. But they also know that they have no alternative but to adjust to China's power as a stark new reality. That means picking their fights shrewdly and not angering Beijing just to impress audiences back home -- or in Washington. Perhaps

if Scott Morrison listens carefully to his hosts in Tokyo this week he might learn something about how to do that.

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