



*Views from across the aisle:*

**What should Australia do about...**

## **its relationship with the PRC?**

**by Dave Sharma**

Australia's relationship with the People's Republic of China (PRC) has become harder to manage in the past decade.

Part of this is due to the PRC's increased strategic weight, and the growing assertiveness and ambition that has accompanied this. Part is due to the more fractured geopolitical world we live in: the era of the United States as the sole superpower is ending, while the new order is yet to crystallise. Another part is down to growing recognition in Australia that freedom from foreign interference cannot be taken for granted but must be actively safeguarded.

Australia must seek a constructive relationship with the PRC. We cannot afford for our relationship to be dysfunctional, but it needs to be built, step-by-step, on the basis of these new realities.

### **Recognise the PRC is more assertive**

In the last 20 years, the PRC's economy has grown from roughly 4 per cent of global GDP to around 18 per cent. With growing economic weight has come growing strategic clout. The PRC is investing in capabilities to wield more power on the world stage, from a blue-water navy to a space program, and from cultural institutes to the Belt and Road Initiative.

The PRC's strategic doctrine and level of assertiveness is changing alongside. Its strategy has shifted from one that stressed the need to avoid confrontation – the “hide your strength, bide your time” maxim of Deng Xiaoping – via one that prioritised the PRC's peaceful integration into Hu Jintao's “harmonious world”, to the more nationalist goal of Xi Jinping's “Chinese dream”.

Beijing is now seeking to accelerate what the Central Committee of the Communist Party of China described in October as a “profound adjustment in

the international balance of power”.<sup>1</sup> This has been given a sharper edge by internal political changes in the PRC – Xi's actions to concentrate power into his own hands, to centralise decision-making and to weaken potential rivals.

The PRC of 2020 is more powerful, more assertive, more nationalistic and more ambitious than the PRC of 2000. It should come as no surprise that Australia finds this a more difficult relationship to manage. We are not alone in this.

### **Resist calls for wholesale decoupling**

The PRC is deeply integrated into the global economy, accounting for the largest share of world trade and playing a pivotal role in global supply chains. In some key sectors there is a case for lessening reliance on the PRC, diversifying suppliers and re-building national capability. But wholesale decoupling cannot be a serious proposition, especially for a country such as Australia, which has been a massive beneficiary of the PRC's economic growth and industrialisation.

Similarly, we should resist language or policy that smacks of containment. The PRC has a role to play in a more multipolar world, as one of the great powers. That role needs to be defined, not denied. While Beijing will never sign up fully to the liberal world order, we must find ways for it to contribute to global public goods.

### **Understand Australia's pivotal role**

Among Western nations, Australia has the highest level of integration and exposure to the PRC: It is our largest trading partner, our largest source of tourists and foreign students and one of our largest sources of migrants. We reside in the same strategic neighbourhood.



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Other Western nations look to us for policy guidance on the PRC. In turn, Beijing sees Australia's behaviour as having a demonstration effect on other Western nations: If the PRC is successful in brow-beating our political class and constraining our policy choices, it will serve as a lesson to others. But if Australia maintains its course in the face of pressure, it will strengthen resolve among other nations to do likewise.

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This is why Australia is currently a target for Beijing's statecraft, and why we should expect a more challenging and turbulent relationship with the PRC over the next two decades. We should remain alert to opportunities to improve the tone of the relationship and avoid unnecessary antagonism. But there is no simple "reset" on offer with the PRC.

## **Be frank with the Australian public**

We need public support for the difficult road ahead. This requires greater frankness from our political leaders. We should be more open and truthful with the public about the challenges of the relationship, rather than seeking to shield them from it. This includes being more willing to disclose attempts by the PRC to interfere in Australia, from large-scale cyberattacks to attempts to intimidate Chinese Australian communities.

More transparency and open debate will nurture supportive public opinion. Domestic actors – from business leaders to politicians – need to eschew the temptation for cheap point-scoring with empty accusations of mismanaging the relationship. Similarly, we must avoid a descent into McCarthyism. The public discussion has to be sophisticated enough to allow an exchange of views without people's patriotism being called into question. That is exactly the sort of internal division that the PRC seeks to exploit.

## **Articulate our redlines clearly**

Along with a cool head, we need a clinical approach

to articulating our non-negotiable sovereign interests. Beijing frequently communicates its redlines to us: from its system of government to its territorial integrity and ultimate sovereignty over restive provinces. By and large, we respect these redlines.

In return, Australia must clearly define our redlines. We must make it clear that certain elements underpinning our sovereignty and national character are non-negotiable and off-limits to foreign actors. We are entitled to seek the same level of respect for these redlines from the PRC as the PRC demands from us.

Beijing does not control all the leverage in this relationship. We should find ways to remind Beijing that the respect we pay to the PRC's redlines requires reciprocity. The PRC's many sensitivities include Taiwan's engagement with the outside world, the status of ethnic minorities, including in Xinjiang and Tibet, the legitimacy of its system of government, and internal corruption.

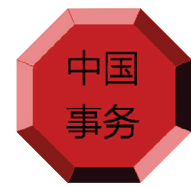
## **View our Chinese communities as assets**

We must see Australia's Chinese communities as assets. This means defending them when needed from attacks questioning their loyalty or patriotism. Not only are such attacks deeply offensive to our national character, they do us immense strategic harm.

Our security agencies need to better engage Australia's Chinese communities. These communities need to be aware of vulnerabilities and alert to attempts to recruit them, and the agencies need their assistance and cooperation in mapping such activities.

Australia's Islamic community has been a great resource in fighting attempts by the Islamic State group to radicalise our citizens and turn them against Australia. We need to have the same level of cooperation with Australia's Chinese communities.

To do this well, our security agencies need to actively recruit more Chinese Australians and more Mandarin speakers. This will require a new approach to security clearances. Many candidates are being turned away and others are leaving government service because of this issue.



## Build new coalitions abroad

The US no longer has the capability or the will to single-handedly manage the PRC's rise. We need to build broader coalitions to manage and balance Beijing's behaviour.

The PRC has successfully used its size to pick off nations one-by-one in bilateral contests. It has also exploited US neglect of the multilateral system under the Trump administration to massively increase its influence over multilateral bodies.

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To resist being picked off, and to maintain our influence in the multilateral system, nations committed to the liberal order need to collaborate and stand united in defence of shared principles. The task of our diplomacy, which will require a step-change in its level of activity and assertiveness, is to build channels for such coalitions to form and respond.

It will be essential to build stronger and closer ties with India and Japan – two major Indo-Pacific powers – through vehicles such as the Quadrilateral Security Dialogue. In addition to regular meetings of Quad foreign ministers, we should propose regular meetings of Quad defence ministers. We must also build closer ties with other Asian powers that share our commitment to the liberal order, including Indonesia, South Korea, Singapore and Vietnam.

Europe can be a critically supportive actor of these efforts, especially in the defence of global norms and in multilateral settings. Older groupings, such as the Five Eyes, the Commonwealth and the Organisation for Economic Co-operation and Development (OECD), need to be repurposed for the challenge at hand. New groups, such as a new version of a G10 grouping – the G7 plus Australia, South Korea and India – could also play an important role in managing the PRC's rise. Australia should seek to institutionalise such a body.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) should be harnessed to speak out as a group against

weaponising trade to secure strategic objectives. Such actions by the PRC are in clear violation of global trade norms and amount to trade bullying and economic coercion. We should use the dispute settlement mechanisms of the World Trade Organization (WTO) to push back. With Joe Biden in the White House, the US should be encouraged back into the CPTPP. Taiwan, in its capacity as an Asia-Pacific economy, should also be invited to join the CPTPP, regardless of Beijing's opposition.

Our alliance with the US will remain fundamental. We should encourage the Biden administration to take a regional, allied-centric approach toward managing the PRC, rather than the bilateralism that characterised the Trump and Obama administrations.

Beijing likes to portray us as a US proxy. While we should not shy away from our alliance with the US, we should state clearly that we reach our own national decisions, based on our own national interests.

## Finally, show patience and resolve

Recent PRC actions, from “wolf warrior” diplomacy to trade disruption, are an attempt to coerce us into reversing policy decisions taken in our national interest. No self-respecting nation should give in to such pressure, and such tactics will not work with Australia.

Rather than dividing public sentiment and driving calls for capitulation, such tactics have only united public opinion and encouraged greater resolve.

We should persist with efforts to explain our own approach to Beijing: that we seek a constructive relationship, that we accept the PRC's legitimacy as a great power, but that certain core interests are not negotiable. This might take a few years, but ultimately the strong structural basis of our relationship and the PRC's pragmatism should reassert themselves. At that point we should reach a new equilibrium in the relationship: one that sees us trade and cooperate productively in some areas, but is respectful of core interests and accepts the persistence of fundamental differences.

## Recommendations

- Australia should remain resolved and patient: We should avoid overreaction or panic. We must recognise that Beijing is testing us and should expect continued turbulence.
- We should strengthen our resilience and capacity to resist pressure. This must include more investment in defence and diplomacy and greater trade diversification.
- Our diplomacy must build new coalitions to defend the liberal world order. This might include institutionalising a new version of the G10 and regular meetings of Quad defence ministers.
- We must be open and honest with the Australian public about the objectionable elements of Beijing's behaviour and the challenges of this relationship.
- Australia should articulate its redlines clearly to Beijing and seek reciprocal respect for them.
- Australia's Chinese communities should be protected and harnessed as assets. The issue with security clearances for Chinese Australians should be addressed.
- We should use multilateral forums, including the WTO, to hold the PRC accountable for its use of trade as a political weapon and to defend the rules-based trading system.
- Australia should encourage the US to join the CPTPP and support efforts to include Taiwan.



Dave Sharma was elected the Federal Liberal Member for Wentworth in 2019. Prior to becoming a politician he served as a peacekeeper in Papua New Guinea, worked as an adviser to Foreign Minister Alexander Downer, headed the International Division of the Department of Prime Minister and Cabinet, and served as a diplomat. He was Australia's Ambassador to Israel 2013-2017.

*China Matters welcomes your ideas and involvement.*

***China Matters does not have an institutional view; the views expressed here are the author's.***

Elected officials in charge of their party's foreign policy positions regularly provide their perspectives on the Australia-PRC relationship. In the interests of broadening the public discussion about ways to manage the challenges in our ties with the PRC, we invited two Members of Parliament, Mr Dave Sharma MP and Mr Tim Watts MP, to pen their views on what Australia should do about its relations with the PRC. We are publishing the two briefs together under the heading, 'Views from across the aisle', on the same day (8 December 2020).

China Matters is grateful to four anonymous reviewers who commented on a draft of each text which did not identify the author. We welcome alternative views and recommendations, and will publish them on our website. Please send them to [ideas@chinamatters.org.au](mailto:ideas@chinamatters.org.au)

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