



*Views from across the aisle:*

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

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

**by Tim Watts**

The COVID-19 pandemic has put a spotlight on a difficult new phase of the relationship between Australia and the People's Republic of China (PRC).

The PRC's relationship with the United States – Australia's enduring security partner – has become increasingly confrontational. Under the leadership of President Xi Jinping, the PRC has become more assertive in pursuing its clearly stated interests, both in its diplomatic relations around the world and strategically in the Indo-Pacific. At the same time, under President Donald Trump, the US has become less consistent in its engagement with the world in general, and the PRC in particular. Between the PRC's "wolf warrior" diplomats and @realDonaldTrump, PRC-US power competition makes Australia's relationship with the PRC even more difficult to navigate.

Simultaneously, Australia and the PRC have had a series of substantive disagreements. Issues like the detention of Australian citizens Yang Hengjun and Cheng Lei, the repression of Uighurs and other minorities, Hong Kong, cybersecurity, and reports of interference in our democracy by the Communist Party of China show fundamental differences in values and interests between Australia and the PRC. This is not going to change anytime soon and we can expect further substantive disagreements.

Nevertheless, decoupling from the PRC would be an unprecedented act of national self-sabotage. The scale of Australia's economic engagement with the PRC over the past two decades has profoundly benefited both nations. Driven by Beijing's post-COVID-19 stimulus measures, the PRC accounted for 48.8 per cent of Australian merchandise exports in the June quarter, more than double the size of our next largest export market, Japan. In 2019, the PRC also overtook the US to become Australia's

leading international partner in producing scientific publications.

This has created widespread anxiety about the extent of Australia's economic reliance on trade with the PRC. Three-quarters of respondents in the 2020 Lowy Institute Poll agreed that Australia was too economically reliant on the PRC. Recent disputes over wheat, lobster, wine, barley, beef, tourists and students have significantly – and reasonably – exacerbated these fears.

### **What can we do?**

Managing the difficult dynamics of the Australia-PRC relationship is, in the words of Labor's Shadow Foreign Affairs Minister, Penny Wong, a "consequential and complex" challenge. No silver bullet will deliver a quick fix.

Regardless, it is in the interests of both Australia and the PRC to have a productive relationship. There are international issues where Australia and the PRC share similar interests and should constructively work together, like climate change and disaster response.

Consistent, persistent diplomacy and political leadership over the long-term is needed to ensure that Australia is able to cooperate with the PRC where we can, clearly stand up for our values and interests where they conflict with those of the PRC, and understand how to manage these differences where they arise. Given the differing values and interests in the Australia-PRC relationship, understanding, rather than agreement, may be the most sensible objective here.

This will require maintaining long-term consistency of message in our engagement with the PRC. This will demand a lot of Australia's political leaders. Conflict has come to define the



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relationship in the public discourse. But being clear in defining our national interests – particularly in safeguarding our sovereignty and upholding the rules-based international system – which are above the domestic political fray, should not preclude considered engagement.

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Australia's leaders will need to work hard to ensure the relationship is not subsumed by short-term domestic politics and that Government leaders speak with one voice while engaging the PRC. To do this, the Prime Minister and the Foreign Minister need to lead the conversation, setting out a long-term plan for the relationship and explaining this to the Australian people – including the private sector. Politicians should avoid gratuitous and inflammatory actions that seek to sow division or set tests of patriotism for partisan ends.

A good start for the Australian Government would be regular background briefings on the context for the relationship from DFAT, Home Affairs, Treasury, Defence and the intelligence agencies for key stakeholders: parliamentarians, the media, and state and territory governments. While the Opposition has been calling for this since August 2019, these requests have so far been rejected by the Foreign Minister. As media coverage continues to focus on specific disagreements between Australia and the PRC, these briefings would provide perspective on where those differences fit into the broader Australia-PRC relationship.

A priority for these briefings should be to bring context to Australia's relationship with the PRC. Viewed in isolation, the structural challenges facing the Australia-PRC relationship are significant. But we are far from alone. At least 78 countries, like Australia, have some version of an official strategic partnership with the PRC. Nor are we the only country to experience a period of frosty diplomatic

relations – as South Korea, Canada, France, the UK, the Czech Republic and India can attest. Crucially, the briefings would help stakeholders understand we are not the only country that wants an international order governed by institutions and the rule of law rather than by great power rivalry and the arbitrary exercise of power.

**Build an independent foreign policy identity in Southeast Asia**

This sense of perspective – the realisation that we are not alone in confronting these challenges – should ground the most important step that Australia could take for its relationship with the PRC post-COVID-19: build an independent foreign policy identity defined by the shared interests of significant and emerging powers in Southeast Asia.

While our strategic interests will continue to unfold in the broader Indo-Pacific, there are reasons for Australia to focus our attention on our immediate neighbourhood. Our geography means that we will always share interests with Southeast Asian nations on issues such as trade and economic integration, maritime cooperation, climate change, human trafficking, transnational crime and terrorism and, saliently, public health. More broadly though, Southeast Asia is home to countries that share our interests: significant and emerging powers like Indonesia, Malaysia, Thailand, the Philippines, Vietnam and Singapore that want to see a rules-based international system and are disconcerted by great power geopolitics.

Investing in an Australian foreign policy identity grounded in our interests as a significant power in Southeast Asia would not avoid the difficult dynamics of the Australia-PRC relationship. We would still confront substantive disagreements and the pressures of geostrategic positioning. But it would provide an intellectual frame for Australia's efforts to shape a rules-based international system anchored in our region.

The wake of COVID-19 is a unique opportunity for Australia to deepen our relationships here. Countries like Indonesia and the Philippines are suffering acutely from the health crisis, while countries like Malaysia and Thailand face great challenges in the accompanying economic crisis. We should make it



clear to our neighbours that we want to face these challenges together and aim for a seat at the table in the regional response. If, as is likely, the PRC is engaged in similar endeavours that are welcomed by regional partners, then we should not rule out engagement with it too.

The special ASEAN Plus Three (the PRC, Japan and South Korea) Summit that convened in mid-April is exactly the kind of forum that we should aim for inclusion in. The Summit agreed on a regional response to COVID-19 and canvassed action on a medical supplies reserve, on using technology for outbreak tracking and information sharing, and on the creation of a COVID-19 response fund. It also canvassed regional cooperation on the economic recovery – a key factor for Australia's own recovery given that ASEAN states collectively are our second largest trading partner. There was much that Australia could have offered had we been at the table, not only through the Summit itself, but bilaterally through discussions with ASEAN member states around the meeting.

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The Government's decision to belatedly come to the table in November to offer some direct support for Southeast Asia's recovery and resilience was welcome. Increasing development assistance in this year's budget and providing \$500 million for Southeast Asia specifically was useful, but it follows an overall cut of nearly 30 per cent (\$385 million) to Australia's Overseas Development Assistance to Southeast Asia since 2014. This included a 50 per cent cut in aid to Indonesia, encompassing an 85 per cent (\$53 million) cut to health program assistance there.

## **Upgrading our institutions and our ambition**

One-off announcements are not good enough. We need sustained engagement and the funds to back it up – not just for this pandemic but also for the next crisis: climate change. We should be careful not to

cast this support in zero-sum terms. ASEAN states have made it clear they do not want to be caught in the middle of the deteriorating PRC-US relationship. Australia should also be making this clear to the incoming Biden administration.

These tactical opportunities for engagement in the wake of COVID-19 are important, but to truly embed ourselves in the region we need a comprehensive Indo-Pacific strategy that commits to sustained engagement with Southeast Asia. This requires a significant, long-term upgrade in our institutions of engagement at home; in our study abroad programs; in the study of Asian languages at our schools and universities; in the regional expertise within our universities; in our broader Asian studies resources including the Asian collections at the National Library; and in youth dialogues in the region. Part of this involves sticking with existing models that have proven their success over the long-term. The fact that the Australian Consortium for In-Country Indonesian Studies (ACICIS) was forced to make 60 per cent of its staff redundant after the Government initially ignored its request for emergency funding during the COVID-19 travel shutdown is a great example of what not to do here.

But we also need to upgrade our ambition. Take the flagship of the Australian Government's people-to-people engagement with our region, the New Colombo Plan. Since its inception, around 40 000 students have spent time in Asia under the plan and the 2017 Foreign Policy White Paper aimed for 10 000 students to participate each year. In comparison, more than 6 million students have participated in the European Union's Erasmus+ study abroad program to promote European engagement over a similar period. Around 853 000 students participated in 2018 alone. Even adjusted for our smaller student population, Erasmus represents a vastly larger commitment to regional engagement.

There are no easy answers to improving the Australia-PRC bilateral relationship. However, the current moment provides an opportunity for shaping the context of the relationship. The Australian Government can do a much better job at leading the debate and explaining the dynamics of the relationship – rather than leaving a void for others to fill.

## Recommendations

- DFAT, Home Affairs, Treasury, Defence and the intelligence agencies should provide regular background briefings on the Australia-PRC relationship and Australia's foreign policy strategy to key actors in the relationship: parliamentarians, the media, and state and territory governments.
- Australia should continue to engage with the PRC. We should cooperate where we can, stand up for our values and interests where they conflict, and manage differences where they arise.
- Australia should build an independent foreign policy identity in Southeast Asia. We should frame our foreign policy actions as those of a significant power in Southeast Asia whose priority is the promotion of a rules-based international system and multipolar regional order.
- Australia should make it clear to ASEAN members that we are keen to participate in and contribute to regional responses to COVID-19 through both government-to-government cooperation and development assistance.
- Australia should develop a comprehensive Indo-Pacific strategy with a plan for deepening partnerships in Southeast Asia across economics, culture, people and security for the long-term. We should reverse cuts to the National Library's Asia collections, Asian languages courses at our universities and groups like ACICIS. We should invest in institutions to promote people-to-people ties via youth dialogues and the New Colombo Plan.
- Australia should invest more in Southeast Asia. At the very least we should reverse the nearly 30 per cent cut to Australia's Overseas Development Assistance to Southeast Asia since 2014.



Tim Watts is the Federal Labor Member for Gellibrand and the Shadow Assistant Minister for Communications and Cyber Security. Tim worked in the IT and telecommunications sector for the better part of a decade, as a Senior Manager at Telstra and a Solicitor at Mallesons Stephen Jaques. He has a Bachelor of Laws (Hons) from Bond University, a Master of Public Policy from Monash University and a Master of Politics and Communication from the London School of Economics.

*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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