

Labor government still has some big challenges with China

by Yun Jiang

The Canberra Times, 28 June 2022

Link: <https://www.canberratimes.com.au/story/7796946/new-government-still-has-some-big-challenges-with-china/>

The new Australian government has been in place for barely a month, and there are already discernible differences from the previous government on how it approaches foreign policy, including on the People's Republic of China (PRC).

The change in tone and rhetoric about the PRC is welcome. But beyond this, serious challenges in the bilateral relationship remain and will test the government in the months ahead.

A job well done so far

The new government has put much more effort into engaging with other countries in the region, including the Pacific and Southeast Asia. It has emphasised listening to their concerns and building partnerships, rather than simply preaching to them about the danger the PRC poses to the region.

Foreign Minister Penny Wong's "[listening](#)" approach is a refreshing change. It contrasts with the previous government, which focused its attention mostly on the Anglosphere and "like-minded" countries. With other countries in the region, it instead had a "White Man's Burden" sentiment — as if these countries needed education from Australia on how to handle the PRC.

On the PRC, while the new government recognises the complexity and challenges in the bilateral relationship, it has also emphasised that "Australia values a [productive relationship with China](#)". Defence Minister Richard Marles even acknowledged that "it's reasonable to expect a more powerful China will have a bigger say in regional and international affairs".

This is in stark contrast with the tone and rhetoric of the previous government, which repeatedly portrayed the PRC as an enemy, including comparing it to [Nazi Germany in the 1930s](#).

Before and during the election, the politicisation of national security harmed Australia's national interests. The then Prime Minister Scott Morrison's reference to the "[Manchurian candidate](#)" prompted a warning from the head of ASIO. The

then Defence Minister and now Opposition Leader Peter Dutton's war-mongering comments were especially divisive, with Asian Australians becoming the [collateral damage](#).

Now that the election is over, the new government has not repeated the same divisive tactics. This benefits both domestic social cohesion as well as Australia's national security and foreign policy interests.

The challenges ahead

However, changing the rhetoric is the [low-hanging fruit](#). Now the easy part is done, the new government will face more tests ahead in navigating the Australia-China bilateral relationship. Tough decisions will have to be made.

First, foreign investment. This is an issue that PRC officials have consistently raised with Australia. Yet traditionally, Labor has been less supportive of foreign investment than the Coalition. The government should allow foreign investment into sectors with limited national security sensitivities such as agribusiness and construction. But it needs to convince the community of the merits of foreign investment.

If the government was to continue to reject foreign investments from the PRC, it needs to consider how to manage expectations and messaging.

One previous foreign investment decision that may inflame tensions with the PRC is the lease of the Port of Darwin. The new government has requested yet another review of the lease, [merely months](#) after the Department of Defence found that there were no security reasons to overturn the agreement.

If the government were to terminate the lease, it would not be based on actual national security risks, but on perception and optics. This would further increase uncertainty for foreign investors as well as add to the existing tension with the PRC government.

The second challenge is the detention of two Australians in the PRC: Cheng Lei and Yang Hengjun. Both are facing national security charges. How the government can facilitate their return should be a critical part of negotiations between the two countries. Is the government willing to contemplate some sort of exchange, like [Canada did with the two Michaels](#)?

The third challenge comes from a potential investigation by security agencies into domestic foreign interference as defined by the 2018 espionage and foreign interference legislation. The ASIO raid on the homes of two PRC journalists and the visa cancellation of two PRC scholars in 2020 are examples of this. If a similar

foreign interference raid or prosecution was to occur, the bilateral relationship could deteriorate drastically if not managed delicately.

The above challenges are amplified by the presence of Peter Dutton as the Opposition Leader. Before the election, Dutton was at the forefront of painting Labor as “soft on China”. He will likely continue to do so while in opposition. This will place pressure on the government to appear tougher on the PRC even if it is not in the national interest to do so. The government must put the national interest first and resist that pressure.

Yun Jiang is the inaugural AIIA China Matters Fellow.