How Good is the Australia-China Relationship?

Managing Australia’s Diplomatic Relationship with China

Abstract

It is easy for governments to disguise their inability to manage complex relationships by resorting to finger-pointing and name-calling. But the over-investment in emotion usually masks an under-investment in thinking. The stridency that distinguishes contemporary government pronouncements on China and Australia’s relationship with China is alarmist and alarming. We need a more considered and deliberate approach to the relationship with China if we are to avoid the pitfalls of overreaction and realise the opportunities that a managed engagement with China will inevitably bring. This means investing in professional expertise in the management of the Australia-China relationship, and promoting the independence of specialist China commentators.

Allan Behm
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Introduction

When *The Australian* newspaper labels a speech by Australia’s Foreign Minister as “strident”, strident it doubtless is.¹ And when *The Australian*’s Foreign Editor titles his commentary “Marise Payne the Avenger stands up to Beijing’s liars”,² the stridency is ratcheted up a notch or two. Stridency, however, generally reveals insecurity and a lack of poise. The over-investment in emotion masks an under-investment in thinking.

The Foreign Minister knows what she’s doing. It may appear that she’s delivering a message to Beijing – a message that Australia’s energetic advocacy of an “independent international inquiry” into COVID-19³ has already delivered loud and clear. But the more immediate effect of her amplifying criticism of China is twofold. It plays into the more muscular anti-China tone emanating from the White House and Secretary Pompeo. And it channels the bellicosity of the domestic ‘anti-Beijing lobby’ that seems to be expanding its influence over the government’s China policy. Given the unmistakably political tone of her speech delivered at the Australian National University’s (ANU) National Security College,⁴ it would be surprising if it had been drafted in the Department of Foreign Affairs and Trade, or based on the considered advice of the Office of National Intelligence. It does not achieve the standards of intelligence and tact that characterise deliberate and measured diplomacy.⁵

It may appear gratuitous to advise Prime Minister Scott Morrison or Foreign Minister Marise Payne on how to manage Australia’s diplomatic relationship with China. They have departments and agencies available to them to do that. It would be useful, however, were they to open a broader national conversation on how Australia should conduct its

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relationship with China at a time when China is becoming ever more assertive – to the point of ham-fistedness – and the US is losing its authority and self-conviction as a global leader. It would be useful to hear the views of those experienced in managing Australia’s relationship with China, both those in government and those in the wider business, commercial and academic communities who have been handling the business of Australia’s day-to-day relations with China for the best part of half a century.

Of course, the Prime Minister and the Foreign Minister could further exacerbate matters by paying greater heed to the excited voices who are constantly calling for Australia to constrain its links with China’s state-owned corporations that might invest in Australia. They could further stiffen foreign investment rules, including forcible divestment of previously approached investment “in order to close security gaps in Australia’s foreign investment regime”. They could look for further ways to reduce Australia’s trade dependency on China in the minerals and energy sector. They could also look for ways to ‘diversify’ Australia’s markets away from China (without, of course, being able to identify exactly who is going to take up the slack in minerals and energy exports). They could insist that the universities become less dependent on Chinese students for their educational services exports, while simultaneously cutting research links with Chinese universities. And they could fund advertising campaigns to attract tourists from other countries to visit Australia, rather than relying on people from China.

They could also accept the advice proffered by these same voices encouraging the government to speak loudly, plainly and often on China’s human rights abuses against the Uighurs. They could also push back harder against China’s imposition of direct rule on Hong Kong (though whether they would welcome a significant influx of Hong Kong citizens as immigrants is doubtful). Then they could deploy the Royal Australian Navy in support of US Freedom of Navigation operations in the South China Sea within China’s 12-mile limit claims. They could also denigrate further the Chinese Communist Party as the governing party of China, and trumpet Australia’s ‘victory over China’ in supporting a WHO convened

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6 For observations on the linkage between authority and power, see Allan Behm, “A return to diplomacy could save China from itself”, The Strategist (ASPI), 3 December 2019 https://www.aspistrategist.org.au/a-return-to-diplomacy-could-save-china-from-itself/


8 See Peter Jennings, “We need to reduce our dependence on China, and have the courage to call it out when required”, The Guardian (Australia), 1 May 2020 https://www.theguardian.com/commentisfree/2020/may/01/we-need-to-reduce-our-dependence-on-china-and-have-the-courage-to-call-it-out-when-required

9 See James Laurenceson, “Reality Check on finding new export markets: China’s demand dwarfs the rest”, The Sydney Morning Herald, 28 May 2020, reprinted in Pearls and Irritations, 1 June 2020

“independent international inquiry” into the coronavirus epidemic. And, of course, they could ramp up claims of capital punishment barbarism in demanding commutation of the death penalty imposed on the Australian citizen found guilty of drug smuggling by the court in Guangzhou.

The more unfocused energy Australia expends on these issues, important though they are, the more impotent Australia will appear, and the less effective Australia’s calls are likely to be. And, of course, the more excited we will become in our public rhetoric.

Since the establishment of diplomatic relations in 1972, the bilateral relationship has had its ups and downs. The past couple of years, however, have seen the relationship fall to its lowest ebb. China comes in for considerable criticism in the Australia media and in various Parliamentary committees. Commentators accuse China of seeking world domination, channelling the more hawkish members of the US Congress who encourage Australia “to play a crucial role in helping the United States win a new “cold war” against an increasingly expansionist Chinese Communist Party”. The former Director-General of ASIO was reported late last year as warning that China was using its “insidious” foreign interference operations to “take over” Australia’s political system. That would be tantamount to an attack on Australia’s sovereignty.

SOURCES OF ANALYSIS AND ADVICE

For policy advice on economic and social policy, governments have increasingly turned to external advice providers, particularly the ‘big four’ consulting organisations – Deloitte, Ernst and Young, KPMG and PwC. On foreign policy and national security issues, however, governments continue generally to rely on DFAT, Defence and the intelligence community for advice. And because these institutions are not subject to public performance scrutiny,

13 See AAP, “China is seeking to ‘take over’ Australia’s political system, former Asio chief claims”, The Guardian (Australia), 22 November 2019 https://www.theguardian.com/australia-news/2019/nov/22/china-is-seeking-to-take-over-australias-political-system-former-asio-chief-claims
the quality of that advice is largely unknown. But if it does feed the unnuanced stridency that distinguishes the government’s current rhetoric, the advice is at least tendentious if not fundamentally inadequate. Their advice needs to accommodate a greater range of views and choices than seems currently to be available to government. That advice can only come from external sources, in the same way as advice in other major policy domains comes from consultants.

The Commonwealth government has funded the creation of foreign and defence policy centres at the ANU, and has supported centres at Melbourne and Sydney universities. Government departments have established relationships with a range of external advice providers, including universities, several think tanks and other small organisations. The funding streams associated with these centres are fluid, rendering the centres vulnerable to a stop-start existence and serious challenges to both the continuity and continued investment in subject-matter expertise. We return to this issue below. At one level, this reveals an awareness in government that additional professional resources are needed. At another, it reveals that government is unwilling to invest in a sustainable and enduring national resource base, preferring to ‘shop around’ and ‘cherry pick’.

Australia is not well endowed when it comes to publicly available sources of knowledge and advice on how to manage an international relationship as complex as that between Australia and China. The Universities of Melbourne and Sydney boast substantial Chinese language programs, attended mostly by native Chinese speakers who pursue courses in subjects such as advanced translation. These are lucrative sources of university income, but do not add to Australia’s knowledge of China. Latrobe University has a small China Studies Research Centre which claims to provide “a dedicated platform to enhance the calibre and quantum of China-related research drawn from across the University”. Its focus is largely antiquarian and archaeological.

Fourteen Australian universities host Confucius Institutes, the Chinese government’s Office of Chinese Language International (known as Hanban) employing the Chinese director and staff. The Confucius Institutes claim to focus on Chinese language and culture. But, unlike other soft power instruments funded by foreign governments – the Alliance Française, the British Council, the Dante Alighieri Society and the Goethe Society for example – the Confucius Institutes are evidently subject to China’s direct political and funding control, and have sought to represent China’s political and social views on Australian campuses. The

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15 See Latrobe University, China Studies Research Centre  
https://www.latrobe.edu.au/china-centre/research-activities

16 See the Hanban website  
http://english.hanban.org/node_10971.htm
government and the universities are rightly concerned at the implications for academic freedom and political interference.

In response to the Australian government’s Foreign Espionage and Interference Act 2018, Australian universities have begun to renegotiate their agreements with Hanban in order to preserve academic freedom, protect the universities against foreign interference and to comply with the Foreign Interference Transparency Scheme. While the Confucius Institutes certainly play a role in China’s exercise of its soft power (their capacity for espionage being relatively limited), they do not add appreciably to Australia’s understanding of how China goes about realising its economic, political and social interests, and how Australia might be best positioned to manage its relationship with China.

The Australian National University and the University of Technology Sydney (UTS) host research centres that investigate contemporary Chinese economic and political activities, providing their research to both the domestic and international academic markets. The Australia-China Relations Institute (ACRI) at the UTS comprises seven staff members who focus on the dynamics of the Australia-China relationship in general. ACRI has been subject to some adverse academic criticism, though much of the criticism appears to result from the appointment of former Labor Premier of NSW and former Australian Foreign Minister Bob Carr as the inaugural Director of ACRI and Professor of International Relations and on the initial funding of the Institute by Chinese entrepreneurs.

Since its establishment, the ANU has dedicated significant resources to the study of Chinese language, history and culture at the undergraduate level in the Faculty of Asian Studies. But the study of contemporary China has long set the ANU apart from other Australian universities. The Contemporary China Centre in the Research School of Pacific Studies built an excellent reputation among international “China watchers” as China progressively moved from the immediate post-revolution years to the gradual opening up at the end of the Cultural Revolution.

Structural changes at the ANU saw the emergence of the China Institute in 2008 and, as a result of Prime Minister Kevin Rudd’s wish for a specialist contemporary China centre at the ANU, the establishment of the Australian Centre on China in the World (CIW) as part of the ANU College of Asia and the Pacific in 2010. Until 2017, the CIW was a stand-alone research

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17 See “Foreign Influence Transparency Scheme”, Department of Foreign Affairs and Trade https://www.dfat.gov.au/international-relations/Pages/foreign-influence-transparency-scheme
18 See UTS, Australia-China Relations Institute, “About ACRI” https://www.australiachinarelations.org/about-us
19 See, for example, James Leibold, “The Australia-China Relations Institute doesn’t belong at UTS”, The Conversation, 5 June 2017 https://theconversation.com/the-australia-china-relations-institute-doesnt-belong-at-uts-78743
20 For a short historical overview, see “ANU China studies: History” http://ciw.anu.edu.au/about/anu-china-studies
centre. A combination of staff movements and financial management issues\textsuperscript{21} prompted a review in 2017, which saw some of the CIW’s research and teaching responsibilities distributed across the university’s seven colleges, with the CIW becoming a research hub that fosters cross-campus, national and international research collaboration.\textsuperscript{22} At present, CIW has one full-time academic staff member, with an administrative manager and two part-time professional staff. As a research hub, it supports the research of approximately sixty members across the university.

There are pros and cons regarding ‘hub and spoke’ nature of the CIW. While the concentration of China experts under one roof may afford the centre greater bulk and a more cohesive image, CIW’s ability to stretch across the ANU’s colleges provides a range of subject-matter experts who might otherwise remain invisible. And the fact that the Department of Defence has invested substantially in commissioning sustained geo-economics advice drawn from the various ANU colleges suggests that the hub approach is viable and fit-for-purpose.\textsuperscript{23}

The Perth USAsia Centre\textsuperscript{24} is a small research centre attached to the University of Western Australia. Its remit covers the US and Asia with a focus on issues of direct relevance to Western Australia. With a staff of thirteen, it runs a useful events and outreach program, and commissions papers from external contributors. It has no evident expertise on China or on Australia’s relations with China.

The Asia Society (Australia), with offices in Melbourne and Sydney, is the Australian presence of the Asia Society, founded in 1956 by John D. Rockefeller III, based in New York. The Australian division consists of eleven staff members who produce an ambitious range of development and analytical products, co-opting independent authors and presenters, and providing speaking opportunities for senior visitors from Asia, international experts and Australian political leaders. As the Asia Society (Australia) notes on its website, its presence in Australia “also serves to bring Australian perspectives on Asia to the United States and the wider region, as well as to bring American and Asian policy thinking to Australia”.\textsuperscript{25}

Also with an all-of-Asia remit, AsiaLink is a non-academic department of the University of Melbourne, supported by the philanthropic Myer Foundation. Like CIW, it has also received substantial federal government funding. With a staff of six, and two advisors, AsiaLink hosts speaker events and provides analysis and commentary on its website. There is little by way


\textsuperscript{22} See the CIW website “About” \url{http://ciw.anu.edu.au/about}

\textsuperscript{23} See the CIW website “Geoeconomics” \url{http://ciw.anu.edu.au/research/strategic-research-spoke/geoeconomics}

\textsuperscript{24} See the Perth USAsia website \url{https://perthusasia.edu.au/our-focus}

\textsuperscript{25} See The Asia Society website \url{https://asiasociety.org/australia/asia-society-policy-institute-australia}
of specialist China analysis or commentary, and AsiaLink does not retain specialist China research capabilities.

The Lowy Institute and The Australian Strategic Policy Institute (ASPI), both of which receive annual Commonwealth government funding, frequently publish opinion pieces on Chinese policy and strategy. Neither would claim, however, to be a specialist institution on Australia-China relations. Both Institutes provide extensive Asia and broader international analysis and commentary on their respective websites, and both retain staff members with direct experience of China. While both Institutes are rightly critical of China’s more recent excursion into direct interference in national politics around the world, ASPI in particular has adopted a markedly hard-line approach to China, providing deep and sustained criticism of China without much by way of ameliorating commentary on how Australia needs to manage its relationship with China, except by imposing more barriers and constraints on the relationship by ‘calling China out’.

One of the smallest, but also one of the most influential (as recent media reporting would have it – see below), is China Matters. Like the other independent institutes China Matters hosts seminars and discussion events, policy dinners, study tours to China as well as discussion papers (often papers delivered at its national meetings) and policy briefs generally written by co-opted authors. Many were surprised to learn of the Australian government’s decision to cut funding to China Matters ostensibly on the grounds that it has been “using taxpayer funds to boost Beijing’s agenda”.26

The News Limited organ The Daily Telegraph claimed that the Attorney General was reviewing the three-years forward funding that the Attorney-General’s Department had agreed ‘in principle’ to provide. The newspaper article claimed that China Matters had been “lobbying against Australia’s national interests”. China Matters has maintained high level access to senior government Ministers, senior members of the Opposition and senior government officials since its inception. The suggestion that these individuals could be manipulated and manoeuvred into supporting China’s interests over those of Australia, for which they are responsible, is preposterous. China Matters has, from time to time, taken positions on individual policy issues that differ from those of the government, or from the position that the government might eventually adopt. But that is the nature of independence.

The specific grounds for the Attorney-General’s decision are unknown. China Matters, with its corporate links, does argue for a more moderated Australian response to China,

26 See Ellen Whinnett, “China Matters government funding cut over concerns it is acting against Australia’s interests”, The Daily Telegraph, 14 June 2020
preferring diplomatic channels for the discussion of differences to the domestic political megaphone. Whether the loss of government funding will put China Matters out of business is uncertain. But the loss of a different voice, in a tiny market that is dominated by voices stridently opposed to China, would further erode government’s access to independent advice. As John Fitzgerald pointed out some years ago, without stable and predictable funding, the university research centres and the think tanks can sink as quickly as they surfaced.\(^{27}\)

He also pointed out the dangers associated with rescue packages provided by donors with particular expectations, impacting on the independence and objectivity of the research centres.

While there is an increasing number of China-born Mandarin speakers in Australia, the number of non-Chinese heritage Mandarin speakers with high levels of proficiency is extremely low. An ‘educated guess’ suggests that there may be no more than 130 such Mandarin speakers in Australia,\(^{28}\) some of them working as translators and others working on communications and marketing matters in the corporate sector. When it is difficult to identify more than twenty individuals in Australia who are recognised contemporary China experts, the poverty of Australia’s China expertise becomes clear. And when that is put in the context of almost no specialist school for training China politics and international relations specialists, the situation is even more dire.

### RESETTING THE POLICY MINDSET

In a disrupted world, how Australia manages its relationship with the dominant regional, and potentially global, power matters. China is here to stay, and no amount of Australian stridency changes that fact. Yet the hyperbolic language that surrounds the so-called ‘China debate’ in Australia represents the issue as a choice between one or both of two confected binaries. Australia must ultimately choose either Washington or Beijing. Alternatively, Australia must choose to ‘stand and fight’, defending its sovereignty, or it must ‘surrender’.

\(^{27}\) See John Fitzgerald, “University China centres are vulnerable to vested interests because of a lack of funding”, The Conversation, 2 November 2016, https://theconversation.com/university-china-centres-are-vulnerable-to-vested-interests-because-of-a-lack-of-funding-67554

\(^{28}\) See the RMIT ABC Fact Check item “Are there only 130 Australians of non-Chinese heritage who can speak Mandarin proficiently?”, 24 June 2019, https://www.abc.net.au/news/2019-06-24/fact-checka-are-there-only-130-people-who-can-speak-mandarin/11235484
But as Iain Henry has pointed out, the issue is not one of sovereignty or surrender, because Australia retains its agency. We can choose to amplify contested issues, or we can choose to deal with them in a way that is both measured and resolute. That is generally how our Asian neighbours approach the problem. But however Australia decides to address its relationship with China, it must be seen to be acting clearly in its own interests, and not as a US franchise.

This requires a return to the deliberate, measured diplomacy that is the key to progressing our national interests in a highly contested regional and global environment. This in turn demands the four complementary tools of the diplomatic craft: deep subject matter experience and knowledge; advocacy; negotiation; and the building of coalitions. They are all difficult to achieve, since they demand creativity and initiative, intelligence and tact, patience and prudence, deliberation and measure, research and analysis, and above all constancy and endurance – qualities that have not been particularly evident in Australian diplomacy in recent years.

It also requires openness to as variety of views and suggestions. There are always options in the management of complexity and uncertainty. Bloviation and stridency are not signs of strength, any more than deliberation and measure are signs of weakness. Nor is the creation of ideologically driven and essentially undergraduate affinity groups, such as the so-called “Wolverines” in the Australian Parliament a recipe for evidence-based and objective policy making. There is something disappointing and pathetic in a feeble Australian attempt to channel China’s “Wolf-Warrior Diplomacy” in an open democracy such as Australia enjoys. The pugnacious and aggressive character of China’s “Wolf Warrior Diplomacy” (also based on a movie meme) may boost national pride and patriotism in China, but there is little evidence that it works. China would do well to take the advice of the former Chinese Ambassador to Australia, Fu Ying, who suggests that her diplomatic colleagues should uphold “the spirit of humility and tolerance, and adhere to communication, learning and openness”. Australia would do well to take the same advice.

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33 Ibid.
Alienation never leads to accommodation. But when alienation is backed by economic power and armed force, it may force appeasement. Australia’s parliamentarians need to learn the difference.