



## China and Australia – How not to implement diplomacy. A step-by-step guide

**F**reight ships sitting idle in Chinese ports, iron-ore staying in the earth, diplomacy forgotten. Whether its multinational stakeholders with billion-dollar mining companies, sugar-farmers or a family-owned winery in McLaren Vale; any and all are in the firing line of China's trade assault on Australia. Winemaker Luke Marquis and RBA economist Shan Jayawardhana have seen first-hand the commercial, and economic ramifications of these events, both perspectives will be explored throughout.

Power and prosperity. The Chinese Communist Party are masterful in ideological conviction and have managed to become a socialist global superpower, in an increasingly capitalist world. As the world's largest economy, and largest military; every government holds its breath when there are talks of a conflict involving China. Such a conflict would wreak havoc and utter devastation upon the region and would undoubtedly be the bloodiest affair since the second world war. The sheer vastness of China's power is almost inconceivable, equally inconceivable is the notion that a Prime Minister of a country with 25 million people would antagonise such a global juggernaut. Alas, 'Scotty from Marketing' aka Scott Morrison wants to play with the big boys. Scotty's chest-thumping antics are ill-advised, and plain dangerous. Measured diplomacy must resumé immediately. China is by no means the good guys in this situation, but Australia is in no position to exacerbate the tensions any further. A trade war has taken place, and Australian businesses and industry (as well as China's) are suffering. Other nations are also attempting to curb China's expansionist aspirations in the Asian region, particularly expansion into Taiwan. However, these countries, Japan for example, are doing so whilst still maintaining a certain level of caution and regard towards China's plight.

### *Australian Government's mishandling of the situation*

Indignant and provocative. This is how the Morrison government's response to China can be described. For the last 50 years, Australian governments, both liberal and labour, have



Xi Jinping.

Scott Morrison.

Tensions continually rising through this pair.

adhered to a bi-partisan understanding. This understanding being not to publicly speculate or comment on potential Australian involvement in a future US-China conflict. Australia's (least) favourite power couple, Peter Dutton and Scott Morrison have managed to breach this convention in a 'chest-thumping' style that has become synonymous

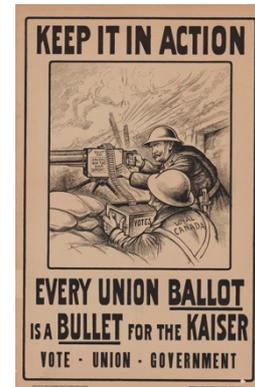
with this liberal government. To further complicate matters, a classified military briefing has been leaked out of Canberra. Such a conflict would be simply catastrophic for the region, with both nations boasting the two largest militaries ever assembled, one can understand why previous governments have been so reticent on this topic.

Up until this time, Australian officials have taken a trilateral approach when it comes to diplomacy and maintaining foreign relations with both Washington and Beijing, as well as Taipei. Appeasing the US has consisted of insuring and protecting American military interests in the Asian region, to act as a deterrent and discourage Chinese expansion into Taiwan. To appease China, Australian officials have acted as a mediator and emissary of American intentions in the region. The military presence is strictly to defend Taiwan, because if an American ally was invaded and the US military failed to intervene, US credibility would be in tatters. Finally, officials have dissuaded consecutive Taiwanese governments from pursuing independence from China, as this would “cross Beijing’s most fundamental red-lines” (Rudd).

Shan Jayawardhana has assessed the government’s handling of the situation and identifies a different way forward. “In the face of market distortions, in this case the tariffs implemented by the Chinese government intervention can still achieve a second-best outcome”. Jayawardhana suggests that responding with tariffs would not be an optimal policy, especially given the fact that Australia enjoys a large trade surplus with China. Better policy would be to support the local producers in the interim while alternative market interest is being surveyed; “this could take the form of discretionary spending, in a similar way to how JobKeeper sustained many businesses during a difficult period”. Ultimately, the first-best outcome is to enjoy advantages of free trade with China, though this may be politically infeasible.

An example of intelligent and effective diplomacy in this situation has been exhibited by Japan, and acts as a reminder to Australian politicians on the advantages of doing more and talking less. Prime Minister Yoshihide Suga, in his first official overseas trip, visited neighbouring countries in the region. He devised a defence export deal with Vietnam, a \$670 million loan to Indonesia, and finally a defence pact with Australia. Through these acts, Suga consolidated Japanese national interests in the region and strengthened security relations, something Australia’s approach simply does not do. This systematic implementation of security policy has diversified relations and most importantly, subdued China’s intentions to expand in the region. Japan has undertaken these processes without provocative overtones or incendiary language, as Morrison has done. Although tensions still remain between the historical foes, they are still able to mutually benefit from foreign relations and trade. Japan’s emphasis on action makes a mockery of Australia’s current attention-seeking doctrine. Morrison’s childish attempts to puff out his chest and show that Australia as a nation can go toe to toe with such a superpower, jeopardises our core trade as well as security interests.

With all of this information in mind, it is hard to conceive or understand the tactics of the Australian government. Our national security agencies would be making constant recommendations on how to handle such a delicate situation, none of which would prescribe such a devil-may-care attitude towards national security. This casts doubt upon Scott Morrison's motives, and indeed the motives of the Liberal party as a whole. It is no secret that the Morrison government's handling of the quarantine and vaccine programs has been inept and inadequate, and Australia's debt and deficit is seven times larger than when labour left office. Not to mention a disastrous couple of months PR-wise when the bushfires were rampant. Are these ill-advised acts of diplomacy an early ploy to instil a khaki election? (an election that is heavily influenced by wartime sentiment and philosophy) If this were to eventuate, a conflict with China could be used by the Liberal's as a vehicle to distinguish themselves from Labour as a more effective war-time government.



Example of the angle taken by governments during a khaki-election.

Another theory addresses a power-struggle within the Liberal party itself, between Morrison and Dutton. When Malcolm Turnbull was ousted from his position as PM in 2018's leadership spill, it was Morrison and Dutton who went head-to-head to replace him. Morrison narrowly came out on top, 45 votes to 40. It is entirely possible that Dutton sees China as a suitable channel in which he can outmanoeuvre and ultimately overcome Morrison. If there is any rebuttal to the notion that the Morrison government is fundamentally mishandling these tensions with China, then one only has to refer to the fact that our core national security interests are being played with in the pursuit for personal, political gain. The performance of both Scott Morrison and Peter Dutton has solidified beyond refute, the notion that this current Liberal government is not equipped or motivated appropriately to handle forthcoming national security challenges, nor serve Australia's foreign interests.

***China's trade war on Australia and its impact on foreign affairs***

The assault we are currently seeing on Australia's trade interests is simply a measurable boiling point of a relationship that has been deteriorating behind the scenes for quite some time. As relations have worsened, the PRC (People's republic of China) have clenched their fist and have bombarded Australian exports with tariffs and various other punishments. Wine especially has felt this impact, with an anti-dumping tariff of up to 200% in some cases. An additional 6.3% anti-subsidy tariff worth \$830 million has also being implemented. Other major commodities have also been targeted, with timber, barley, copper, ore, sugar and lobster all being notable targets.



Australian coal ships stuck off the coast of China

Mollydooker wines is one of South Australia's very best, with various accolades and awards showcasing their product-quality and business-savvy. However, Luke Marquis and his team have serious apprehensions about these tariffs, "this will be devastating for the entire Australian wine industry. We rely on this market, 1.2 billion worth of trade, equating to 40% of market". When asked if things could've been handled better by our own government,

Marquis said he supports the government, but at times we have to “be long-term and strategic – and respect China for building the relationship we already have. We must keep trade separate from these security issues”.

Anti-Australian sentiment is at an all-time high within the Chinese Communist Party. This worrying trend turned ugly when Zhao Lijan, a Chinese Foreign Ministry spokesperson tweeted a reprehensible depiction of an Australian soldier slitting a child’s throat, in response to a report on Australian SAS war crimes. Australian officials were offended and frankly furious, with Scott Morrison demanding an apology from the CCP. China doubled down on their position. The CCP were fully aware of the response such a tweet would get, and entirely willing to deal with the ramifications. Such an aggressive stance holds meaning. This isn’t just about sticking it to Australia in particular, it’s important to remember that China is also the biggest trading partner of 125 other countries. With this in mind, China’s diplomatic response in this situation was clearly intended to send a message to these other governments, and indeed the entire Global South. The aforementioned governments would undoubtedly have observed as these events transpired, and in doing so attained an understanding of the consequences felt by a middle power that antagonises a superpower like China.

By making an example of Australia, China continues to exercise their increase of power in the region. Trade assaults and coercive diplomacy are becoming quintessential components of CCP’s attitude towards foreign relations. Threats, tariffs and other forms of economic punishment are mechanisms implemented to deter other countries from the course of action taken by Australia.

### ***China changing their song, publicly condemning the West for war crimes***

The Brereton report has had significant implications for not only Australia’s armed forces, but the reputation and credibility of the country as a whole. China have wasted no time in using the report to their advantage. When spokesperson Zhao tweeted the aforementioned picture of an Australian soldier, it signified a shift in attitude, there was now a superpower willing to criticise a Western power for war crimes on foreign soil. One might point out the atrocities carried out on Chinese soil, the treatment of the Uyghur Muslims or Honk Kong protestors, and suggest hypocrisy on behalf of the CCP. This holds truth; however, China does not have a history of war atrocities on foreign soil.



China’s condemnation of Australian soldiers highlights another brash tactic. It must be said that throughout history the narrative surrounding the treatment of some Global South nations by Western powers has been one of exploitation and economic plunder. By reminding other governments of this, China hopes to shift the narrative away from their own atrocities and human rights violations, and back onto Western countries like Australia. To substantiate this claim, 57.5%

of the shares on Zhao’s tweets were carried out by fake accounts. In cyber-security nomenclature, this is evidence of a widespread disinformation campaign.

All of these intricacies and plots encapsulate just how complex foreign relations are. With such differing ideologies on how the world should be run, tensions and complexities are an inevitability. As the freedom-orientated West continually treats China like a strategic expansionist rival, and China continues to assert its power wherever it can, diplomacy between Australia and China will be treacherous waters to navigate.

Word Count: 1946

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