

UTS:ACRI/UTS Big Thinking Forum

Australia-China relations: the state of play

Speakers: Glenda Korporaal, Associate Editor (Business), *The Australian*
Geoff Raby, Chairman and Founder, Geoff Raby and Associates
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James Laurenceson:

Welcome, all. Welcome to the first Australia-China Relations Institute [(UTS:ACRI)] event for 2020. Tonight's event is not just hosted by the Australia-China Relations Institute, it is also part of the UTS Big Thinking Forums. These are forums that UTS regularly run for curious minds – we've certainly got curious minds on the stage here today and I'm sure there's plenty in the audience as well – to solve, or at least bring some clarity to global, complex problems. And I think from an Australian perspective, it doesn't get much bigger or more complex than the Australia-China relationship. So I think it's appropriate that [(UTS:ACRI)] is running this event tonight in conjunction with the UTS Big Thinking Forum. Before I introduce myself and the panel, on behalf of all those present, I'd just like to acknowledge the Gadigal people of the Eora Nation, upon whose ancestral lands the UTS City Campus now stands. We'd like to pay our respects to their elders, past, present and emerging, and acknowledging them as the traditional custodians of knowledge in this place. My name is James Laurenceson. I'm the director of the Australia-China Relations Institute, Australia's only research institute that's exclusively focused on informing Australia's engagement with China. Tonight we're using the Lunar New Year as a good excuse to reflect back on the last 12 months of the Australia-China relationship and to gaze into the crystal ball about what might lie ahead in the Australia-China relationship for 2020. Now to do this, we've assembled a superb panel. I'll very briefly introduce them.

Glenda Korporaal OAM is the associate editor of the business pages at *The Australian* newspaper. Glenda's been writing about Australia-China economic ties for a long time, but more recently, she's just returned from an 18-month stint in Beijing as *The Australian's* China correspondent. Welcome tonight, Glenda.

Glenda Korporaal:

Thank you.

James Laurenceson:

Next to Glenda we have Geoff Raby AO, the former Australian ambassador to China, of course, in 2007 to 2011. He's currently the chairman and founder of Geoff Raby and Associates, and it is a corporate advisory firm. And I have to say, Geoff, I think it's safe to say that you're *The Australian Financial Review's* columnist of choice -

Geoff Raby:

Absolutely.

James Laurenceson:

- when it comes to the Australia-China relationship. I'm also delighted that Geoff has contributed a Perspectives section in this month's ACRI wrap-up [of the] Australia-China relationship, which we produce each month. Next we have Osmond Chiu. Osmond is a research fellow at the Per Capita think tank. And, Osmond, I'm happy to give Per Capita a plug -

Osmond Chiu:

Yeah.

James Laurenceson:

- but what I'd like to tell the audience tonight is that what really gets my attention, or has gotten my attention from Osmond, is a series of commentary pieces he's written over the last year that look at the political debates, the diplomatic debates, that often take place between Australia and China. And I think he's one of Australia's keenest observers about how those debates impact on the daily lives of Australia's own Chinese-Australian communities. Osmond's work's been published in a number of leading outlets, *The Guardian*, *Sydney Morning Herald*, amongst many others. So welcome to you, too, Osmond.

Osmond Chiu:

Thanks for having me.

James Laurenceson:

Before throwing to the panel, I thought I might use my position here to offer a few reflections of my own on the Australia-China relationship. When I moved to UTS in 2014 from the University of Queensland, it was already clear to me, as it was to many Australians, that China was a big deal. I think back then, the economic relationship really dominated the discussion. I remember in 2011, we had the Reserve Bank governor, then Glenn Stevens, say that even the proverbial pet shop galah was able to recite the facts of Australia's economic relationship with China. Well, what's happened since then? Australia's exports have gone from 92 billion in 2014 to more than 160 billion today. If we thought it was big then, it is much bigger now. China buys 38% of our goods exports these days. And, of course, the relationship is not just bigger, it's far broader. We were just talking in the back about how the Australia-China economic relationship has diversified in ways, to an extent, that few would have expected even just five years ago. So that's one story, but I think a few other things have changed. One of them - and I think we have to state this up front; it's certainly my observation anyway - is that I think China itself has changed in ways that I think alarms many Australians; causes concern. There's many examples I could offer up, so excuse me if I just home in on one. This happened last January. An Australian by the name of Yang Hengjun - Dr Yang Hengjun, and I should say that 'Dr' stems from a PhD that he earned from this university - a UTS graduate; he was detained by the Chinese authorities on suspicion of espionage in January last year. It wasn't until August that he was formally arrested, a charge the Australian government immediately rejected. Last month, that is, one year after Dr Yang was detained and arrested, it was reported that he is still yet to be charged. Because Dr Yang is being detained on matters of state security in China, he has not had access to lawyers or his family. The Australian Foreign Minister has described his detention conditions as unacceptable. So I think it's not surprising that when Australians see how the Chinese state is treating an Australian citizen, that it's not surprising that that causes them concerns about how that state might treat Australia as a country as it grows in power and influence. Now in addition to the Chinese state changing, there's clearly a geopolitical competition breaking out between China and the United States.

The United States being Australia's security ally; China being, by far, our largest trading partner. And just as I think it's got to be said that China's changed over the last five years, it's also got to be said that the United States has changed. It is a reality that the United States today is acting in ways that many Australians – the Australian government, certainly – considers to be unhelpful at best to its national interests, and actively working against our national interests, undermining our national interests, at worst. This geopolitical competition plays out not just between China and the US on the international scene, it plays out in Australia where, not surprisingly, you have constituencies that tend to align more with one rather than the other. It's crude, but it's not an unreasonable distinction to say that many Australians, in the defence and security community, naturally find themselves orientating towards a more US view of the world, where perhaps those from a business perspective align more, or not align with, but find themselves seeing Australia's national interests as also being reflected in the economic relationship, not just in the security realm. No wonder that an ABC report late last year said that over the last 12 months, media coverage in Australia of China has more than doubled over the last 12 months. That's what we're dealing with, in terms of the interest in this country now devoted to China. And haven't we seen that on display just recently? Two weeks ago, who was talking about the coronavirus? Well, I can tell you that three weeks ago, there were no news articles in Australian media about Australia, China and the coronavirus whatsoever. Last week, there were more than 700. We're halfway through this week, but from my reading of the news this week, I think we're going to top 700 this week. And the implications of this virus, the breadth of its impact, is really quite extraordinary. Here's an article that you wrote, Glenda.

Glenda Korporaal:

Yeah.

James Laurenceson:

Yesterday, where you're talking about the impact on minerals companies, you're talking about the impact on tourist operators, education providers, agricultural producers. There doesn't seem to be a sector of the Australian economy that you're not talking about as potentially being impacted upon. It's not just economics, mind you. We've got Australians in China who've struggled to get back. We've been reading the stories about the evacuation flights from Wuhan in recent days. And then you've got Chinese students and Chinese tourists who would love to come to Australia, but they can't. Their access has been blocked by decisions that the Australian government says was motivated by protecting public health. Then you've got the impacts in Australia on Australians potentially with no connection to China whatsoever. And that's quite extraordinary. And Osmond, I think you might have a bit to say about this, the fact that Australia's own Chinese communities have been reported this week as being the victims of discrimination, racism – outright racism, in some cases – from this virus that emanated from a city in China that three weeks ago no one in this country was even talking about. Extraordinary.

It has political implications. Just overnight, we had the number two at the Chinese Embassy say that they were disappointed in the way the Australian government's handled this, saying they weren't informed beforehand. And then almost immediately, you had the Department of Foreign Affairs telling Australian journalists that's simply not true. So we've got a diplomatic dispute now, as well. And finally, before I flick to the panel, I saw this story in *The Australian*, and I've got to admit it's a very serious story, but I had a quiet chuckle over my morning coffee. Here we have an Australian dad in Wuhan caught up in this as a matter of chance. And this was one of the quotes he said. He wrote an op-ed in this morning's *Aus* and he said, 'It's been interesting 'trying to write and speak dispassionately and accurately about an extraordinary situation' that he just happened to find himself in. 'Somebody called me a commie stooge, and another reader demanded I openly criticize how the Chinese are handling the situation'. When I read that I thought, 'Mate, I've been in your shoes before'. And Glenda, it wouldn't surprise me if you, too, have. Geoff, you and Osmond, as well. So these are the sorts of things that we weren't even talking about three weeks ago. Now they're front and centre, having enormous impacts across the economy, but Australian society, as well.

And on that note, let me move from my own reflections to those of the panel. Glenda, I might start with you. Five years ago, the economic relationship was described as the backbone of the Australia-China relationship,

and I saw Scott Morrison not so long ago said something similar. He quickly qualified it by saying, 'Well, it's more than the economics', but it's still true to say, I think, that it forms a very important part of Australia's relationship with China. When you look back on the last 12 months – you were in Beijing; you saw the data – how would you describe the state and the development of the economic relationship between Australia and China over the last year?

Glenda Korporaal:

Well, the economic relationship's actually very good. You can go from FMG. Iron ore's the biggest single Australian export to China. You've got very good relations between Fortescue, BHP and Rio. Even, say, this week we were trying to get their view on life, and they're still doing business with China very strongly. At the other side, we're seeing Australian meat being sold to China in record levels, partly because of the swine flu, but Geoff and I have seen in Beijing, people just jumping on planes trying to sell Australian wine in China. You've got Blackmores, Suisse, a whole range of [companies], and a2 Milk are really pushing into the China market. And I think to say it's just economic is not quite right because you don't trade with someone if you don't like them, if you can't do business with them. I mean, tourists don't come here if they don't feel welcome, or students don't come. So it's not just a monetary transaction. But if you were to put politics to one side, and there has been issues regarding coal, but you can sort of pick anything, from travel, from tourism, from education, from all sorts of small products to mega products. Big increase in our gold because I think the China Central Bank's buying more gold. So the economic relationship has actually never been stronger. And I think that's because we supply goods that China wants. China's a growing economy. We can do agriculture, minerals. Yes, there's a different legal system, but when people are sitting down doing business, it sort of seems to roughly work. There's these long-term transactions between, say, Woodside, FMG, whatever, that seem to work. And people on both sides want to do business.

James Laurenceson:

It's a pretty upbeat assessment -

Glenda Korporaal:

Yes.

James Laurenceson:

- of the state of the economic relationship. Although as you said, it's deeper than that because you don't trade with someone who you aren't friendly with or don't trust, so it's a bit more than just the monetary transaction. Glenda, when I read about the economic relationship between Australia and China, you hear the good stories, but there's another story you often hear as well, and that is that our economic relationship with China, it's not just all the opportunities, it's not just all the good stories, it's also a major source of economic risk. That is, that we're too dependent on China. And out of that comes fairly steady series of reports of the Chinese government using economic tools as a lever against Australia. That is, for example, threatening to stop the flow of tourists or students, or letting Australian wine and beef sit at Chinese ports to punish Australia if the Australian government makes political decisions that the Chinese government doesn't like. You've just said overall, the numbers held up pretty well last year. Have you seen examples – and I know this is not always clear cut – but have you seen examples where you feel pretty confident in saying, 'Look, here's a good, here's a situation, here's a scenario where the Chinese government did use an economic tool to threaten Australia?'

Glenda Korporaal:

There's two things we've been watching. One's coal. And the coal, there was a very clear holding up of Australian coal at Chinese ports for most of last year. China actually produces its own coal quite significantly, so the imports are sort of small, but it's still an important market for Australia. But they certainly have held up the clearing at the ports of Australian coal at a time when they haven't held up other coal, coal from other countries like Indonesia, which is in fact a lot more polluting than us. Another area we have been looking at is barley. We export, or have exported, quite a bit of barley to China, particularly from West Australia. And China hit Australia with an anti-dumping action on barley about 18 months ago, and that's still dragging through. So

we've been watching that. And there's a third element, beef. When Li Keqiang came here in 2000 and what's that? 17.

James Laurenceson:

2017.

Glenda Korporaal:

There was a deal done to help expand Australian beef trade to China. And one of it was, essentially, they have to recognise individual abattoirs. And I think at the moment, there's only a small number. And there was an agreement that a whole lot of other abattoirs would be recognised. And that has just gone back and forward, back and forward, and hasn't got anywhere. So yes, there are issues we've been watching, and people have said had we had a better relationship, the beef trade might have been bigger. That said, the beef trade from the existing abattoirs has actually set a record of, I think, of more than a billion dollars last year because of the swine flu. So we're watching, but again, we're not the only country. I mean, you know, look at Canada, you look at there's Sweden. There's a whole range of other countries who have trade issues with China, as well. So we are looking and watching things. But there's been no sign of iron ore being held up, which really is one of the real critical things for Australia and for the budget, actually.

James Laurenceson:

Yeah, as I've been reflecting on this coronavirus over the last week, it has been interesting to me that over the last few years, we've been so focused on the possibility of the Chinese government using Chinese students and Chinese tourists as a lever of directing influence at Australia, and in the end, well, the ties have been severed, but they've actually been at the instigation of the Australian government.

Glenda Korporaal:

Is it a vulnerability or a dependency? I mean, but there's nothing to stop us trading with every other country, with India or other countries. And yet, this is where the demand has been, where the trade has happened. I mean I was doing an interview with Julie Bishop today; she is the new chancellor of ANU. ANU has 25% of their students from mainland China – 5,500 – of which 4,000 are still in mainland China. So it actually shows the extent of the relationship. But ANU is not sitting there, saying, 'We won't have students from India or Indonesia'. So it is highlighting our dependency or an interdependency. But again, there's nothing stopping more tourists from somewhere else coming; or more students. So, again, it's that natural connection that's there.

James Laurenceson:

We talk a lot about India, don't we? In that, some people imagine that that might be the next China. But I remember last year, the Australian government commissioned a[n] economic engagement report about India, and the report put up the hope that we might triple our exports to India, from 15 billion to 45 billion, by 2035. Remembering, of course, that currently we're exporting more than 160 billion to China. So it seems to me those basic economic complementarities that you're talking about are extremely strong in the China relationship, in a way that they simply don't exist for other relationships, including with big countries like India.

Glenda Korporaal:

Mm, yes. India's a bit of a boulevard of broken dreams. I mean, I've written about prime minister after prime minister. And I also wrote when Morrison was going to go, about how India's going to be the next thing, and it never actually happens, possibly because there is not the complementarity in the relationship that we do have with China.

James Laurenceson:

Geoff, if I can move on to you. In your Perspective column that you contributed to the ACRI monthly wrap-up of Australia-China relations for this month that all our audience have with them. You made this observation, if I can just quote you directly. You said, 'As long as China continues to make 'an oversized contribution to

a healthy balance of payments for Australia, Canberra evinces no interest in working towards restoring the high-level relationship'. Now, I imagine some people might read that and say, 'Well, there you go, Geoff. Canberra can play hardball with Beijing at a policy level, at a diplomatic level. And the economic benefits of the relationship will keep flowing'. What's your response to that? What's the problem?

Geoff Raby:

Well, that's what I'm saying. I'm describing the reality today. Our situation's a bit like what there has been between China and Japan for many years. It's described in Chinese as 'hot economics and cold politics'. And I think Glenda has set out very clearly how the trade relationship continues to boom. Although one qualification, Glenda, to your comments which I'd make is that iron ore's a bit of a separate case because there was the massive tailings dam failure in Brazil last January. And that's basically taken Vale out of the picture. So that's underpinned extraordinarily high iron ore prices. The prices today are in the mid-80s. The WA budget's got them at about \$49 a tonne. So that underscores, I think, the extent of the bonus to our trade that's come from that terrible tragedy in Brazil a year ago. But, yes, look, that's what Canberra's saying. And – as I described it in the article, the quixotic pursuit of Australia trying to redefine the nature of our relationship with China, even though it's an asymmetric relationship and we are the smaller partner in that relationship – those people in Canberra who take that view feel encouraged by the fact that trade continues to go on. The current account looks good. And people are starting to say, 'Well, who cares'? And that's fair enough at one level, but that's only if you see the relationship with China in purely transactional terms.

James Laurenceson:

Should we, Geoff? Or should we be seeing it in more than that? So what should we be seeing?

Geoff Raby:

Absolutely, well, China is not only the second biggest economy in the world, but by far the biggest economy in the region. It is now the dominant power in the region. If we don't wish to engage with the dominant power in the region across a range of issues –

James Laurenceson:

Like?

Geoff Raby:

Regional security, transnational security issues, asymmetrical security issues, like people smuggling, drugs, a range of crime. If we don't wish to engage with the biggest power and the biggest polluter in the region on climate change. And it may be China won't want to engage with us – that's probably a reflection of our own policies. Then so be it, but we are going to be a marginal player in the region. And I believe that we've increasingly marginalised ourselves in the region because we're unable to work out how we manage our relationship with the United States and with China. What we've seen in the past 18 months is us hewing ever closer to the United States. As on one hand, US policy to the region's become much more erratic and unstable, and power has shifted much more to China, we have decided to glue ourselves to the hip of the United States. And that means that for countries like China, as I say, why would you speak to the monkey when you can deal with the organ grinder? And so we have given up the option, at present, of having an independent voice in the region by having an independent foreign policy. And therein is the problem. But we can't have a credible foreign policy if you can't deal with the biggest economy and biggest power in the region.

James Laurenceson:

Okay. So another response, Geoff, that I've heard is this one. I wonder if I could put this to you. There's clearly diplomacy that everyone would agree is bad, poor diplomacy that should be avoided. For example, even folks that are generally happy with the policy direction of the Australian government towards China over the last two years, I don't think they were particularly thrilled when Malcolm Turnbull said that the Australian people were standing up to China. I mean, I think that sort of comment has, more or less across the board, been described as hugely unhelpful. So I think we can agree that could be avoided. But is it realistic to imagine

that as Australia defends its interests – for example, we might talk about the South China Sea; we have an arbitration decision in 2016 that China rejected. That arbitration panel was constituted under the United Nations Law of the Sea. The Australian government, I thought, pretty reasonably afterwards said, 'Well, we expect all countries, China included, to abide by the international conventions that it signed up to'. China wasn't happy with Australia's stance. Should we avoid doing that? Or I guess my point is: can we avoid not antagonising China just simply when Australia stands up for its national interests? Like we stand up for Yang Hengjun, who's currently detained in China without access to a lawyer or his family; it's not unreasonable the Australian government says something. What's your response to that? Avoid bad diplomacy, but how do we deal with an actor that is like that?

Geoff Raby:

It's a very good point, and thanks for raising it. And, really, it's about how we deal with these issues in the public forum and privately with the Chinese government. And it's basically to be smarter, more nuanced and diplomatic about what we do. With the South China Sea, it's a great example. And I won't quote your esteemed predecessor, who made quite a major contribution to the public debate at the time. But there was no reason for Australia to have an outlier position. There was no reason for Australia to be more vocal, more strident, more public than any of the market countries that we would normally align ourselves with. In fact, the United States had nothing to say because the United States is not even a signatory to the Law of the Sea convention. And I'm not excusing in any way China's behaviour in the South China Sea. But just to chirp like the proverbial parrot, 'We support a rules-based system', as Turnbull and Bishop did, and become so shrill and strident about it is completely unhelpful to our interests. Because what is the rules-based system? Is it a rules-based system if the United States is not a member? This is realpolitik, and we have to get back to foreign relations based on interest politics. And we have to recognise our weight and what is the best way to prosecute our interests. What we did was almost counterproductive to our interests. If we wanted to be heard; if we wanted to have influence; if we wanted to talk to China about adhering to a system of rules; then that's a conversation you should have in private. We could join, if you like, the market countries. And some, a number, said China should adhere to the Hague tribunal findings, but that is how we should have nuanced it and presented it. There was no reason for us to get out in front. And honestly, Bob Carr, I think he made a major contribution at the time pointing that out in UTS and your centre. There was no other voice in Australia that was saying, 'Hey, this is unnecessary'. And so we should make our voice heard.

There's a great example of when we did adopt a more nuanced and diplomatic approach to these sorts of matters, and that is the Crown Casino arrests. Remember, you know, a whole bunch of them went up to China. They all got chucked in the slammer. And whether they had broken any laws or not, that was the situation the government was facing. What the government did on that occasion was basically say nothing publicly. And I think within a year, they were out. Contrast that to Stern Hu, which I had to deal with when I was ambassador back in 2009, where the Australian government – and it was a different government than the one that dealt with the, or different party than dealt with the Crown case – was out in public questioning the Chinese legal system. We don't like the Chinese legal system and we don't like Chinese human rights performance, but it's not for another government to have a public discourse about what's wrong with the Chinese legal system. But I remember one minister, I wandered into his office because I was called back secretly by the Prime Minister at the time, which ended up on the front page of *The Sydney Morning Herald*. My poor mother, who I didn't tell I was back, rang and said, 'Geoffrey, you're on the front page of The Australian. Why haven't you come down to have tea?' I said, 'It's a secret, Mum'. But, you know, one minister, I walked into his office and he said, 'G'day Geoffrey'. He's a bit of a friend. He said, 'G'day, Geoff. How are we going to spring him? How are we going to get Stern Hu out?' I said, 'Minister, what? You're thinking about sending in the SAS?' I mean, it's mad. The mentality is mad. And so on the Stern Hu occasion, we handled it appallingly. Being at the Embassy saying to Canberra, 'This is going to be totally counterproductive. Get it out of the media. Say nothing, and handle it through normal channels through the protocol with the Foreign Ministry'. And they didn't. But I really admire the advisors to the government at the time during the Crown situation. I wasn't part of it, of course, completely looking as a private citizen at it, but I could only congratulate how well that was handled, and the senior

officials who managed to convince ministers to shut up and work through normal processes. So there are examples of this, there are many examples, and it's called diplomacy.

James Laurenceson:

Okay. All right, we've had a discussion of the economics, the diplomatic relationship. Now I'd like to focus on something that's closer to home. Osmond, you said in October last year in a wonderful article - track it down if you have to. Here's the quote that stood out to me. You said, 'It is not a pleasant time to be a politically engaged Chinese Australian'. It sounds like you were understated there when you said, 'It's not a pleasant time to be a politically engaged Chinese Australian'. You followed up with this statement. You said, 'Until the ramping up of the People's Republic of China influence debate earlier this year', earlier in 2019, 'to a daily topic, I had not felt this sense of dread, since the incarnation of One Nation two decades ago'. Osmond, can you describe for us here tonight the dread that you felt? And how does it impact on you, what you say as a politically engaged Australian?

Osmond Chiu:

Yeah, yeah, thanks, James. It's, I think, an important discussion to begin. I didn't use those words lightly. I think in 2019. I think 2019 was a turning point in the public debate about China. While we've had the foreign interference debate for the past few years, essentially since the release of *Silent Invasion*, I think last year it cut through into the public consciousness in a way it hadn't previously. And I think as a result, we've sort of seen the normalisation of what are, in my opinion, quite Sinophobic narratives into the mainstream by people both on the political left and the right in this country. So just some examples that come to mind include these characterisations of any organisation that has any link to China as potentially an arm of the People's Republic of China [(PRC)]. But for me, more disturbingly, this characterisation of people of Chinese heritage potentially as a threat from within. The few examples that come to mind include this treatment of international students almost as a potential threat from within. And the other one that really sticks out in my mind is the commentary about Gladys Liu. So my politics are on the complete polar opposite of hers, but this characterisation of her as somehow being a spy for Beijing or secretly loyal to them really is deeply disturbing and, quite frankly, racist. And the fact that people can't even conceive or really understand that is really disturbing for me. So in terms of the foreign influence debate, I think there's a real uneasiness about it, in engaging with this debate. A lot of what is discussed is very opaque. This debate is essentially being driven by leaks to the media, primarily. So while I think, undeniably, there is a level of interference, it's often very unclear what is fact and what is fiction; what has been exaggerated, what has not been. And the fact that unless you are closely watching this debate and knowing as much as you can, you really haven't grasped it that well. So there are a lot of politically engaged people that I know, that I have conversations with, when I speak to them, there's a lot they don't know. And I wouldn't say, I wouldn't consider myself an expert on this topic, just someone who pays close attention to it. And I guess, for me - and this is something I've spoken about for other people - the real concern is where this leads; what happens next. Because the real fear is not what is happening right now, but where it leads to, because it's really unclear. In the 1990s, you knew who the opponent was, you knew what you were opposing, you knew it was overt racism. Whereas what we're seeing now is something that's more subtle, and I think that's what makes it much more insidious. That you're not sure about what it will mean. Whether it will mean that there is a sense of distrust of Chinese-Australians, whether it means that there's unconscious biases, conversations that Chinese-Australians will not have the same opportunity to participate in [in] our society, in business, in politics, in our public institutions. And I think that is really what drives a lot of the concerns, a sense that you kind of have to prove that you are loyal. The assumption that you are not loyal is what's taken by someone who doesn't necessarily know you.

James Laurenceson:

Right. Yeah, I can see there's some appreciation from the audience for making that point. In terms of the impact and the ability of a Chinese-Australian to participate in what many of us wouldn't have any dramas with at all - but you're saying the Chinese-Australians do face additional challenges - I remember a research interest that you expressed some interest in was the issue of whether Chinese-Australians are getting security clearances working in the Australian government. There's been some anecdotes that I've heard, and

I'm sure many of us have heard, about people struggling in that way. In other words, we don't have Chinese-Australians where we really do actually want them to be. Can you give us an update on your research in that area? I know it's often anecdotes. The government's not openly publishing this data, but do you have any reporting that you can offer for us tonight?

Osmond Chiu:

Yeah, I guess one of the challenges is that there really isn't reporting on things like security clearances. And often, when people do not receive a security clearance, they aren't really told why. So I think people might have seen – I think it was a few weeks ago – there was an article about how many, I think, Chinese-American, or people of Chinese heritage who were contractors to the US government had been denied and how it was far greater than those who had no Chinese heritage. Given the lack of data, it's hard to determine what exactly is going on. But from my conversations with people who have worked in the Australian Public Service [(APS)] currently and previously, I think there is definitely a sense there's been a shift in mood. I would also say that I think it's in particular parts of government, from the various conversations I've had. So particularly those based in Canberra, central agencies, and people within agencies who sort of deal with more internationally-focused areas. And the other thing I found through having these conversations was there was a distinct difference between people of Chinese heritage who were either born in mainland China or who have links to mainland China, and those who do not. So I think it is particularly felt by certain people within the APS. I guess what makes this much more complicated is that the lack of data, which raises questions about is this actually intentional or is this unconscious biases? Particularly given we've seen a sort of shift in risk assessments when we look at citizenship processing and visa processing. So there's been a number of stories about delays in citizenship for people from the PRC, and similarly for students from the PRC. So I definitely think it's something that deserves much more attention, particularly because if people of Chinese heritage are seen as a security risk, I think it undermines our own China capability. So I think the real great example is I think last year, there was an article in *The Australian* about the team that looks after the Foreign Influence Transparency register. And there was not a single person in that team who had Chinese language skills. Particularly given that, I think they say that only 130 people in Australia have the requisite Chinese language skills, if we're serious, we actually need to hire Chinese-Australians to these positions. And it's a real concern that things like security clearances could be preventing this.

James Laurenceson:

Right. Osmond, just one final question before I come back to you, Glenda. When we're talking about Chinese-Australian communities – I like to say, not 'community', because they're a very diverse group – you've raised the challenges of some Chinese-Australians being described as a fifth column; a tool of influence for the Chinese party-state. There's other Chinese-Australians who say they face a very different problem, and that is their freedoms in Australia that people like me enjoy; those freedoms are being threatened by the Communist Party of China. For example, I mean, I think of a media outlet we have in Australia called the *Vision Times*, independent Chinese language media. The reporting I've seen around that is that the Chinese Embassy has been in touch with their advertisers and put pressure on those advertisers to withdraw their support for those sorts of independent publications. I find that pretty disturbing. That's an act of foreign interference that I think Australia should be on the front foot in responding to. So they're another group. As a government, I guess the Australian government has been quite on the front foot, compared with many other countries. We introduced these new foreign interference laws to clamp down on that sort of activity. Are you seeing any signs that these measures the Australian government has taken, that these measures are bearing fruit? That is, Australian-Chinese feel free to enjoy the same freedoms that I do?

Osmond Chiu:

Yeah, well, I think it's definitely an important topic to discuss. Look, I think it's undeniable that there has been harassment and intimidation of people who are seen as dissidents of the Chinese government in Australia. I think there are enough examples to say, no, it is actually happening. And I think it's undeniable that we should be protecting people's rights and freedom of expression on Australian soil. I don't think anyone would disagree with that. In terms of what the Australian government is doing, I think it's probably less clear. I think what's

happened has been there's far more visibility to these debates and these concerns than there has been in the past because it has been in the public eye. In terms of their effectiveness, there's a level of effectiveness by having the sheer fact of transparency, by highlighting something that's occurring so it dissuades people from those actions. So in a sense, it has worked to an extent, but not necessarily in the way that people had originally envisaged. That's the sense I'm getting.

James Laurenceson:

Okay.

Geoff Raby:

James, could I come in quickly on this? I've written about the so-called China threat industry, and I think it's become an industry on many occasions. What bothers me most about it is really getting to Osmond's point, that all this stuff happens. But the Chinese governments not the only perpetrator of interference in Australia. It doesn't make it right, but we need to be adult about it. What's completely lacking in the China threat discussion is proportionality and context. Completely lacking. And so if someone is vaguely, like Gladys Liu from Chisholm or whatever, faintly been touched by an organisation that may have some tenuous link to the United Front Work Department, then you're immediately branded not only as an agent of influence, but a potential, security threat to Australia. There is no proportionality when it comes to discussing the Chinese threat and no context. And at the heart, what bothers me most is that it undervalues the strength of our democratic institutions. We have a free press, we have a vigorous Parliament. There's been one politician, Dastyari, who's been outed and been forced to resign from Parliament. This was two and a half or three years of intense media scrutiny. I mean, of course, the Chinese Embassy does what you say it does, and the Consulate does what you say. I'll finish this point, but take the recent elections in Taiwan. No political body; political group could have been under more pressure during the term election in Taiwan in terms of fake news, interference. You know, we heard about it endlessly leading up to the election. Our media was covering it. It was always covered only in terms of mainland Chinese interference, which is all true. You know, I'm prepared to believe it all. But then look at the result. So much for the influence. And I think we have to be much more robust and have much more confidence in our own institutions to deal with this. We live in an ugly, nasty world where people are going to try and do bad things to us, but we have very, very strong institutions in this country.

James Laurenceson:

You'd have to say to the extent that the Chinese government has been seeking influence in Australia, they've got a pretty poor return.

Geoff Raby:

Precisely.

Osmond Chiu:

Just sort of following on from what you said, Geoff, I think, my sense is part of the salience of the sense of threat from the PRC is because of low trust in government, and the sheer fact that a lot of this discussion and debate often doesn't happen in the usual spheres that people are used to. Often online on WeChat. Essentially, most people don't even know what it is. People who are politically engaged; I have to explain to them how it actually works. So I think that has sort of built it up as well, this sense of 'I don't know what 'this' is'; and 'this' is 'big, bad threat'. So it's very hard to comprehend what it is because what's happening isn't in a language that I understand.

Geoff Raby:

And on that, when you put it in that context, one of the biggest threats to our institutions is the fact that so much of this China threat is driven by the security intelligence agencies in Canberra feeding the media. And how is it in Australia's interest that the intelligence agencies are feeding the media and running a policy agenda? Really?

James Laurenceson:

Glenda, as a journalist, I'm not going to force you to respond to that, but you should feel free to.

Glenda Korporaal:

I think what I find – because I speak to a lot of people in the business community – yeah, they're sort of careful what they say. These are people that go back and forward to China a lot, or they have until recently. And they are sort of feeling uncomfortable about, 'Well, what do we say?' And then they feel themselves, if they say, 'Well, we have a good relationship on the trade side'. I was trying to be not over optimistic, but the economic side to date has been strong.

James Laurenceson:

Right.

Glenda Korporaal:

Yeah, but the business community, there's another thread. The business community doesn't like to criticise government, and they don't want to come out and criticise the government. But they're the ones that should be, perhaps, coming out a bit more and at least stressing the importance of the relationship. When you talk to them, often they'll tell you off the record they're not very happy about some of the things the government's doing, but they won't talk about it in a public way, so there is that. It's interesting. One of your points, and there is a huge change in the debate here, but one of the threads has been what has changed in China? What's changed in China is Xi Jinping, who came in at a time when the Chinese economy was booming, but there also was a lot of corruption, and that wasn't going down very well at all for obvious reasons with normal people. So he did a mass crackdown on corruption. However, he's continued to impose a much more sort of Maoist, each year, few months, more and more controls. And so that is affecting the debate. He is putting pressure on the ambassadors, and it's not just here, all around the world. We're seeing with the ambassador here and the deputy, who's very outspoken, Mr. Wang. China and Wang Yi, the Foreign Minister, are putting enormous pressure on the ambassadors to call everything out. 'Don't just sit back there, put something on your website'. The Chinese ambassador in Sweden is very aggressive and outspoken, and the ambassador in Canada. So there's a change in what's coming from China; a more aggressive, more nationalistic China that is following through into some things happening here. And we need to understand that, but that shouldn't play out into a negative towards Chinese people living and working here.

James Laurenceson:

Sure. Okay, let me finish off this, and then I'll throw it to the audience for some questions. Glenda, Geoff, Osmond, if I can get you all to stare into the crystal ball and give me a quick response to this. Glenda, I'll start with you. The economic outlook for 2020. We came off a very buoyant base. Last year, I saw the numbers. Actually, in the ACRI monthly brief, it says through to November, our exports were up 30%. Well, we can't expect that again this year. The coronavirus has obviously had a – you've been writing about it – had an enormous impact on the Australian economy. How do you see things evolving for the –

Glenda Korporaal:

Obviously in the short term there's going to be an economic slowdown in China, and we're already seeing directly in tourism and in the concerns about the academic fallout, the education [sector]. Looking forward, there is this issue of are we taking things for granted? Have we cruised on past policies? Look at the China [Free Trade Agreement (FTA)], which was negotiated over many years, and finally it was about three or four years ago. Our exports are benefiting from the no tariffs, but China and the US have reached their own trade deal, giving some special access. So the point is into the future, will we have the growth and opportunities? There still will be strong economic ties, but will China choose to buy barley from Uzbekistan or a Belt and Road country, rather than from Australia? Will it continue to grow as strongly? And I think probably not, for a number of reasons. Not as strong as it has in the past. Of course, the government pats itself on the back for its surplus, which is partly due to the iron ore price, which is partly due to the Vale situation. But there is this sort of taking for granted, at a political level, of the relationship and taking for granted of the economic success.

And at some point, where China has a choice: do you buy from Australia or do you buy from somewhere else? They might buy from somewhere else.

James Laurenceson:

The US-China trade deal is a great example of where you've got a US government that is making decisions that are plainly contrary to Australia's national interests. The fact that you could have Australian businesses that are competitive, offering a good quality product, but China might buy from the US simply for a political reason - I mean, that's pretty disturbing.

Glenda Korporaal:

The Chinese say that other countries won't be disadvantaged, but in the end if they're under pressure from a very angry Donald Trump, are they going to buy beef from America or from us, you know? On the margin, yes.

James Laurenceson:

Right. Geoff, let's talk about Donald Trump. I don't mean to categorise you as a pessimist. That's not my intent, but when I read you in the pages of *The Australian Financial Review* and you're talking about the diplomatic outlook for Australia-China relations, you come across as a bit pessimistic sometimes. So can I just throw out a hypothetical to you and get your comment? November this year, Donald Trump gets re-elected as the president of the United States; we've got eight years of Trump. Is there, in your view, any chance that the US-Australia relationship could become so chaotic that Australian foreign policy might start becoming more responsive to realpolitik, as you describe it, knowing that the US is no longer considered a stable partner that it once was?

Geoff Raby:

Yeah, I mean, who can comment on what Trump's going to do after he's elected? I mean, really. But as a hypothetical, I think there's a very good chance of that. I mean, Trump's merrily going around wrecking the [World Trade Organization (WTO)], which is of fundamental importance to Australia's interests. And if that continues, Australia's going to have to start to take positions which are not so comfortable vis-à-vis our relationship with the United States. We've done those things in the past, but for the last decade or so, we've been very reluctant to do that. But it's hard to know where Trump's going to go after the election. I mean, it's really idle speculation. Does he invade Iran? Or attack Iran? If that were to happen, I'd be amazed if he doesn't whistle up Australia's support and we're there in some way, shape or form, notwithstanding where our national interests lie. The big one, of course, is US-China. Where that's ended up now is pretty much where I thought it would some years ago when I wrote about it when it started, and that is there would be a deal done for the election, and this was entirely short-term politics. Does Trump buy onto the neocon agenda of people like Pence and those around him that there has to be decoupling? That's really the issue for us. It's not so much chaos in the US foreign policy, but does he genuinely, seriously, comprehensively pursue decoupling? I think probably no, because I don't think he cares very much. He's been re-elected and he can't be elected again. Well, he's indicated that that may not be a certainty.

But the ideologues around him clearly want to decouple. Glenda's made all the right points about Xi and his increasing authoritarianism and increasingly muscular - I don't use the word aggressive - but muscular and assertive foreign policy. And clearly there's a view in the elite areas of the United States that this has all gone far enough, and they have buyer's regret, and China hasn't become the liberal democracy they thought 20 years ago when they pursued engagement. At the practical level, I'm less worried about decoupling. And in a fascinating way, this coronavirus episode is highlighting the extent to which the world economy is so deeply integrated through production links around the world; supply chains. You see today South Korean car producers saying they're having to shut factories because they're dependent on parts from China and so on, and so is the United States. And you saw Trump fudge on Huawei. Again, for the same reason, the interdependency. So I guess I'm not pessimistic, to conclude. I'm cautiously optimistic that the global economy is now so deeply integrated, even a chaotic president like Trump won't go down the path of serious

decoupling. And what I think we've seen enough of Trump is that he's not a mad ideologue like the people around him. Hence, the sacking of Bolton and so on.

James Laurenceson:

Thank you for correcting my characterisation of you as a pessimist. Osmond, your time to stare into the crystal ball. There's been a couple positive developments when it comes to Chinese-Australians. With Gladys Liu, she describes herself as a Chinese-Australian; the first Chinese-Australian Member of Parliament. I saw the fantastic forum in Melbourne recently celebrating Australian-Asians; in putting more Asian-Australians into leadership roles. How do you see things unfolding for Australia's Chinese communities over the rest of this year?

Osmond Chiu:

I think in many ways, things can only get better, given 2019 was rock bottom for Chinese-Australians in many ways. My sense is there's a sort of changing mood. I think amongst many, there was a sense that last year, you just had to keep your head down and things might blow over. And I think there is a growing realisation that 'No, things aren't going to blow over, so we actually have to start being out there, start speaking up, speaking out when we actually see these examples of racism'. Also, organising and being out there in the public sphere, and showing we're active and engaged citizens. And particularly amongst the younger generations, that's the sense I'm getting. And I think also not just focusing on Chinese-Australians. Going back to the Asian-Australian Leadership Conference, which I was an attendee at, I think this sort of understanding that in many ways, Australia is behind the comparable nations when it comes to the representation of Asian-Australians. I think the mainstreaming of that is really important. The conference was a first step, and I think we'll see much more this year. So I think those are the two things that I see which are positives for this year, after a pretty dismal year last year.

[ENDS]