

# Australia-China monthly wrap-up

June 2022



This edition features:

- Summary and analysis of major developments in June 2022

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June saw the resumption of ministerial dialogue between Australia and the People's Republic of China (PRC) after nearly three years, with a meeting between Deputy Prime Minister and Defence Minister Richard Marles and PRC Defence Minister Wei Fenghe on the sidelines of a security summit. The PRC Foreign Ministry also [confirmed](#) that Beijing had received a response from Prime Minister Anthony Albanese expressing 'appreciation' for Premier Li Keqiang's congratulatory message on his election victory. The meeting between defence ministers was a small but noteworthy step in the bilateral relationship, although significant challenges remain, and will continue to persist. Defence Minister Marles this month [termed](#) the PRC 'our biggest security anxiety', [stating](#) that present circumstances constituted 'the toughest strategic environment we've encountered in over 70 years.' And without movement from the PRC on ending its trade sanctions, scope for any further material improvement in relations is limited – the new Labor government has been unequivocal about this. A 'reset' is out of the question, with the Prime Minister emphasising the fact that Australia-PRC relations will continue to be difficult.

This month also highlighted ongoing Australian concerns about the PRC's recent [security pact](#) with the Solomon Islands, and anxieties about the PRC's efforts to alter the security architecture of the region. Concerns were also expressed about the PRC's relationship with Russia and Beijing's mitigation of the impact of the diplomatic and economic pressures imposed upon Moscow to compel it to end the Ukraine war. In response to these issues, the Labor government has sought to forge closer relations with nations in the region, particularly in the Pacific and Southeast Asia, as well as with partners in Europe, with a number of overseas visits undertaken in June by the Prime Minister and Foreign Minister.<sup>1</sup>

Remarks by senior Australian ministers indicate that Australia is preparing for a long-term engagement in 'strategic competition' in the region. With both Canberra and Beijing seeking to extend their influence in the region, incremental gains or losses on this front are likely to continue to impact the relationship – not to mention further formal security agreements or military pacts.

<sup>1</sup> In June Prime Minister Albanese travelled to Indonesia where he met with President Joko Widodo, then to Madrid for the NATO Leaders' Summit, followed by Paris to meet with President Emmanuel Macron, then Ukraine to meet President Volodymyr Zelensky. He will be attending the Pacific Islands Forum in Suva in July. Foreign Minister Wong visited Samoa where she met with Head of State Tuimalealiifano Vaaletoa Sualauvi II and Prime Minister Fiame Naomi Mata'afa, Tonga to meet Prime Minister Hu'akavameiliku and Foreign Minister Fekitamoeloa 'Utoikamanu, then New Zealand to meet Foreign Minister Nanaia Mahuta, followed by the Solomon Islands to meet Prime Minister Manasseh Sogavare, Vietnam to meet President Nguyen Xuan Phuc, Prime Minister Pham Minh Chinh and Foreign Minister Bùi Thanh Sĩn and Malaysia to meet Foreign Minister Dato' Sri Saifuddin bin Abdullah, Defence Minister Dato' Seri Hishammuddin Hussein and Minister for International Trade and Industry, Dato' Seri Azmin Ali.

The interception of an Australian maritime surveillance aircraft by a PRC fighter jet has shown that an accident involving both militaries, such as the mid-air collision which prompted the 2001 [Hainan Island incident](#), is not beyond the realm of possibility. With neither side backing down, tensions are likely to remain, and non-kinetic engagements between both nations' navies/air forces are likely to continue. Until both sides reach a more comprehensive consensus on the rules of engagement governing such interactions, it remains possible that a mishap could occur and prompt an escalation in tensions.

## The Australia-PRC relationship overall

### *Resumption of ministerial dialogue*

June saw the resumption of ministerial dialogue between Australia and the PRC – the first exchange in nearly three years. On June 12, Defence Minister Marles met PRC Defence Minister Wei Fenghe on the sidelines of the Shangri-La Dialogue in Singapore. While observers have [pointed out](#) the difference in status between Mr Marles and General Wei, the meeting was nonetheless [described](#) by the Prime Minister as a 'positive step' and by Defence Minister Marles as 'a critical first step'. The latter also [noted](#) it was 'really important in these times to have open lines of dialogue'.

In a [press conference](#), Mr Marles described the hour-long meeting as a 'frank and full exchange' in which he 'raised a number of issues of concern to Australia'. Beyond stating that the interception of an Australian maritime surveillance aircraft by a PRC fighter jet (discussed in more detail below) was touched upon, the particulars of the discussion were not disclosed.

Around the same time, Trade Minister Don Farrell extended an [invitation](#) to meet PRC Commerce Minister Wang Wentao on the sidelines of the 12th World Trade Organization Ministerial Conference in Geneva. This ultimately did not eventuate. In spite of this, the Trade Minister [stated](#), 'We'll keep trying... I do think that by requesting the meeting, it obviously showed a willingness to enter into a dialogue.'

### *A 'reset' ruled out*

On June 3 PRC Foreign Minister Wang Yi [indicated](#) that, in Beijing's estimation, tensions in Australia-PRC relations were entirely attributable to Australia under the former government, stating that the 'crux of the difficulties in China-Australia relations in the past few years is that some political force in Australia insists on viewing China as a rival rather than a partner'. He said that 'a reset requires concrete actions', without elaborating on what this entails.

PRC Ambassador to Australia Xiao Qian, during a discussion hosted by the Australia-China Relations Institute at the University of Technology Sydney (UTS:ACRI) on June 24 [repeated](#) the PRC Foreign Minister's call for 'concrete actions' to effect a 'reset'.

But Prime Minister Albanese has effectively dismissed the notion of a wholesale 'reset'. While [acknowledging](#) on June 23 there 'have been some improvements' in the relationship, the Prime Minister said 'there's a long way to go. It will be a problematic relationship.'

The term 'reset' has, however, been used with reference to the bilateral economic relationship. Trade Minister Farrell on June 21 [stated](#), 'I think the change of government gives us an opportunity to reset the long-term arrangements with the Chinese.' But while the Trade Minister [stated](#) that his 'objective' is to 'try and re-establish' the economic relationship between Australia and the PRC, he also [acknowledged](#) that 'We have put too much in the one basket in the past with our relationship with China'. The pursuit of trade diversification remains as central to the new government's approach as it was under the Morrison government. Prime Minister Albanese at the beginning of the month had made this clear, [saying](#), '[W]e'll continue to work on trade diversification... it is important because at one stage the trade proportion for China was up above 45 percent.'

Asked about the PRC's call for 'concrete actions' – 'what does that mean and how hard would you work to repair relationships?' – the Prime Minister stated that the PRC needed 'to remove those [trade] sanctions in order to improve relations', having previously [described](#) the sanctions as 'unjust'. [Asked](#) to specify whether he

was ‘arguing that the ball is... in China’s court and up for them to remove the sanctions, for them to make the next move’, the Prime Minister replied, ‘Yes.’

### *Policy continuity with an emphasis on diplomacy*

The new Australian government has generally cleaved to their pre-election undertaking to pursue a more diplomatic approach to PRC relations while continuing the former government’s policies. Mr Marles [affirmed](#) this during a June 14 interview in which he stated that while ‘in terms of substantive policy, there hasn’t been a change’, ‘what has changed is tone.’ He went on to say:

We’re going to go about our relations with China [and] our relations with the whole world in a way which is sober, professional. We understand the importance of dialogue where we believe in the power of diplomacy. ... So it’s an important change in tone, but the substantive national interests that Australia has, that we’ve had over the last decade, we see us still having, and we will pursue with rigour.

With regard to Beijing’s trade sanctions, Trade Minister Farrell on June 21 [told](#) an interviewer, ‘[I]t’s much better to sort them out by discussion rather than through disputation’, saying, ‘[W]e’d meet anywhere the Chinese were prepared to meet with us.’ On June 28, the Trade Minister [noted](#) that while ‘nothing we do in this area should impact our national security... that’s not to say we can’t have a respectful relationship with the Chinese.’ He [repeated](#) this on June 30, differentiating the Albanese government’s approach from that of the Morrison government’s: ‘We need to continue to very strongly express our concerns to the Chinese government about some of the things they’re doing’ but ‘at the same time we don’t have to be as bellicose as the previous government was.’

The emphasis on diplomacy was also evident in the [appointment](#) of Jan Adams, a career diplomat as well as a former ambassador to the PRC and chief negotiator overseeing the conclusions of free trade agreements with the PRC, South Korea and Japan, to head the Department of Foreign Affairs and Trade (DFAT) commencing July 1.

Policy pillars remain the same, however, as flagged in UTS:ACRI’s March 2022 report [The China Consensus](#). Defence Minister Marles’ [speech](#) to the Shangri-La Dialogue clearly specified that there would be ‘continuity in Australia’s defence policy’, referring to Australia’s alliance with the US (which ‘has never been more important to our nation’), and that ‘[t]here will be no cuts to Australia’s defence spending. The Albanese government has committed to spending two percent of GDP on Defence’. He also stated that ‘AUKUS... will be central.’

### **Interception of a RAAF maritime surveillance aircraft by PRC fighter jet**

On June 5, the Department of Defence issued a [statement](#) on the interception of a Royal Australian Air Force (RAAF) P-8A Poseidon maritime surveillance aircraft by a PRC J-16 fighter aircraft ‘during a routine maritime surveillance activity in international airspace in the South China Sea region’ on May 26. Defence described the interception as ‘a dangerous manoeuvre’.

The following day Defence Minister Marles [elaborated](#) on the incident, detailing that the PRC fighter jet had released flares close to the RAAF aircraft, cut in front of it, and then released a bundle of ‘chaff’ which entered the RAAF plane’s engine. He also termed the intercept a ‘dangerous manoeuvre’, and stated that he had directed Defence ‘to make representations to the Chinese authorities... in which we expressed our concern about what had occurred’.

Similar views were [expressed](#) by the Prime Minister.

The public detailing of the May 26 intercept also came several days after the Canada’s National Department of Defence [stated](#) that Canadian Air Force aircraft deployed in Japan had on multiple occasions been engaged by People’s Liberation Army Air Force (PLAAF) aircraft in a manner that ‘did not adhere to international air safety norms’ and was ‘unprofessional and/or put the safety of the [Royal Canadian Air Force] personnel at risk.’ Canadian Prime Minister Justin Trudeau on June 6 [labelled](#) the PRC’s actions ‘irresponsible and provocative’. The PRC’s Foreign Ministry spokesperson [rejected](#) both nations’ concerns.

Earlier this year, a People's Liberation Army – Navy (PLA-N) vessel had pointed a laser at an Australian P-8A Poseidon, an act which the Defence Department and government ministers condemned. (See the [Australia-China monthly wrap-up: February and March 2022](#) for a more detailed discussion).

## South China Sea

The new government has maintained Australia's rejection of the PRC's territorial and maritime claims in the South China Sea, per their pre-election position.

On June 11, Mr Marles restated the Australian government's views on the South China Sea in his address to the Shangri-La Dialogue. He [added](#):

Chinese militarisation of features in the South China Sea needs to be understood for what it is: the intent to deny the legitimacy of its neighbours' claims in this vital international waterway through force.

During the summit Mr Marles, Japanese Minister of Defense Kishi Nobuo and US Secretary of Defense Lloyd Austin III participated in a US-Japan-Australia Trilateral Defense Ministers Meeting (TDMM). The joint statement [noted](#) that the ministers 'strongly object to China's unlawful maritime claims and activities in the South China Sea that are inconsistent with international law.' The ministers also reaffirmed the decision of the 2016 South China Sea Arbitral Tribunal (Philippines vs PRC) as 'final and legally binding on the parties to the dispute.'

## Taiwan

PRC Defence Minister Wei Fenghe's June 11 Shangri-La Dialogue speech [stated](#), 'We will fight at all cost and we will fight to the very end' to stop Taiwan from declaring independence. Asked on June 13 whether [i]n that scenario, would you see Australia go to war to defend Taiwan?', Defence Minister Marles [replied](#):

I'm not going to get into hypotheticals... [O]ur policy in respect of Taiwan and China hasn't changed. We have a one-China policy. We do not support Taiwanese independence. We don't support any unilateral action on either side of the Taiwan Strait, which would change the status quo. The resolution of the people of Taiwan is a matter which should happen by consensus, by agreement...

Mr Marles had used a similar formulation in June 12 [comments](#).

During a joint [press conference](#) on June 16, Foreign Minister Penny Wong and her New Zealand counterpart were asked, 'What do you both make of China's move to extend its military operations in the Taiwan Strait?' Senator Wong responded:

Our long-standing position is very clear. We support the status quo and we would urge there be no unilateral changes which would disrupt the status quo in relation to the status of Taiwan.

## The Pacific

On June 12, Defence Minister Marles [met](#) with Solomon Islands Minister for Police, National Security and Correctional Services Anthony Vekefor. This was the first ministerial-level meeting between the two nations since the announcement of the PRC-Solomon Islands security agreement. In a June 14 [interview](#), Mr Marles said he was 'heartened' to hear Mr Vekefor '[reiterate] that there was not an intention in Solomon Islands to have a foreign military base in its country.' During a visit to Honiara on June 17, Foreign Minister Wong similarly [welcomed](#) the 'assurances' of Solomon Islands Prime Minister Manasseh Sogavare that his 'government does not intend for there to be a persistent military presence or foreign military base' in the Solomon Islands. In this and [other](#) remarks, Senator Wong restated Australia's position that security in the region is a 'joint responsibility' and 'a responsibility of the Pacific family.'

## Regional security

A number of statements were also made by Australian ministers in relation to the PRC's impact on the security architecture of the region more generally. Defence Minister Marles on June 13 [said](#) that 'China, from where

we sit, seeks to shape the world around it in a way that we've not experienced before' and that this 'raises challenges for Australia.' However, Australia would 'meet this challenge' and 'have the courage to articulate Australia's national interest and particularly when that differs from Chinese action.'

In terms of what this challenge might be and how Australia might respond, Mr Marles [stated](#) that:

We are witnessing a very significant military build-up in the Indo-Pacific, it's very important that that happens in a way which is transparent. And we've got to have reassuring statecraft occur, because the fact of the matter is that in the absence of that, we will see insecurity. And insecurity is what will drive an arms race. And when you look at Australia's own military build-up, in many ways, that is a response to the situation that we're seeing play out in the Indo-Pacific.

On June 3, Foreign Minister Wong [said](#) 'I think all the nations in the region understand that we are in a time of great change and that our region is being reshaped, but hoped that other powers that are 'engaging with the Pacific would respect the regional architecture.'

During a visit to Indonesia, Prime Minister Albanese – in reference to the policies of the Biden administration – [stated](#) on June 6 that while Australia should recognise the competition that exists in the region, 'We need to make sure that it's managed in a way that doesn't have catastrophic consequences for the region.'

### **The PRC and Russia and Australia's participation in the NATO Leaders' Summit**

Against the backdrop of the ongoing Russian invasion of Ukraine, a number of statements were made by senior Australian ministers on the PRC's relationship with Russia and its refusal to condemn Russian actions, in particular. Indeed, a Moscow readout of a June 15 Xi-Putin phone call [said](#) the PRC President had 'noted the legitimacy of the actions taken by Russia'. The PRC-Russia relationship was also mentioned in relation to threats to regional security, as well as the June 29-30 NATO summit.

In separate sets of remarks on June 27, Prime Minister Albanese said that in addition to the importance that 'democratic nations stand with Ukraine,' the NATO summit had come at a 'critical time' and was 'also very important for our region' due to, respectively, 'the [strategic competition](#) that is in our region', and the '[arrangements of closeness](#) [between the PRC and Russia] that has occurred in recent times'. Mr Albanese also [referred](#) to the relationship between Russia and China an 'alliance'.

In a doorstep interview in Madrid the next day the Prime Minister [reiterated](#) that 'the special relationship between Russia and China' was something that 'reinforces the need for us to be engaged' with NATO. When asked what he would like NATO members to hear about the PRC, he [said](#):

I'm sure that the NATO members know that China is more forward leaning in our region. We've seen actions from China against Lithuania, for example. China has been prepared to make sanctions not just against Australia, but to be more aggressive in its stance in the world and it requires the world to move towards peace and security, but to do so in a way which says that we are prepared as democratic nations to ensure that when something happens, like the invasion of Ukraine, the world is prepared to stand in solidarity... and provide practical and real support.

On June 29, Mr Albanese [said](#) 'We've seen a failure of China to condemn any of the Russian aggression that has occurred against Ukraine,' and urged Beijing to 'look at what is happening and look at the resolve that is there from throughout the world.'

### **Detention of Yang Hengjun and Cheng Lei**

Australian citizens Yang Hengjun and Cheng Lei remain in detention in the PRC. Ms Cheng's partner in an [interview](#) on June 2 said that monthly consular visits between Ms Cheng and Australian officials, including video meetings, had been suspended by PRC authorities, allegedly due to coronavirus restrictions, with the last meeting having been held on April 30. He also stated she was suffering 'a range of health issues'.

The following day Foreign Minister Wong [reiterated](#) the Australian government's concern about the incarceration of Ms Cheng and Yang Hengjun, saying Australia has 'continued to seek consular access' for Ms Cheng and 'continue to advocate for [her] to be treated appropriately.'

On June 17, the Prime Minister [stated](#) that the cases of Ms Cheng and Dr Yang were 'priorities' but that 'sometimes diplomacy is better done without a loud hailer'.

On June 24, the PRC Ambassador to Australia [said](#) that 'there's been a very intense communication between China [and] Australia through the diplomatic channels', claiming that 'basic rights' have been 'guaranteed, according to our own laws'.

### **Port of Darwin**

On June 8, the Prime Minister [confirmed](#) that he would be commissioning 'a review of the circumstances' of the 99-year lease of the Port of Darwin to PRC company Landbridge. The Australian Labor Party has [flagged](#) its opposition to the lease of the port since 2015.

### **Hong Kong**

On June 30, two years after the Standing Committee of the National People's Congress passed a national security law to be imposed on Hong Kong, Foreign Minister Wong issued a [media release](#) noting that 'Australia remains deeply concerned by the continuing erosion of Hong Kong's rights, freedoms and autonomy' and urging Beijing and HK authorities to 'uphold and protect' Hong Kong's 'high degree of autonomy, the rights and freedoms guaranteed by the Basic Law and the Sino-British Declaration'.

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