

# Australia-China monthly wrap-up

July 2022



This edition features:

- Summary and analysis of major developments in July 2022

## Elena Collinson and Corey Lee Bell

The beginning of July saw another small step towards the stabilisation of relations between Australia and the People's Republic of China (PRC), with high-level dialogue between the countries continuing. Foreign Minister Penny Wong met with her PRC counterpart, Wang Yi, and Trade Minister Don Farrell [received](#) a congratulatory letter from his PRC counterpart, Wang Wentao. July heralded the [return](#) of the descriptor 'comprehensive strategic partnership' to characterise the relationship by both countries in Australian and PRC ministerial rhetoric, as well as rhetoric by the Australian [Opposition](#), following a period of near-total dormancy over the last two years. At the same time, the Australian government made plain that renewed engagement would not extend to concessions. Defence Minister and Deputy Prime Minister Richard Marles, for example, emphatically [ruled out](#) 'considering any type of concession to reset our relationship with China' – 'No. Absolutely not.'

The Australian government showed tight messaging discipline with respect to PRC policy, with many near-verbatim repetitions across portfolios. Ministers continued to insist on the removal of coercive economic measures, repeat that policy established by the previous government would continue, and emphasise the security challenges presented by the PRC. This was all underpinned by an adherence to a deliberately measured tone. Defence Minister Marles [said](#), 'We've got to be... very sober and professional and diplomatic in the way in which we speak with our international voice, and that's the way in which you will see us go about our business.' Foreign Minister Penny Wong [pointed to](#) the need to be 'calm, considered and disciplined' when speaking about engagement with, and Australia's relationship with, the PRC, terming it 'a complex and consequential relationship'<sup>1</sup> and acknowledging the 'obvious challenges'. She [said](#), 'I'm not going to try and walk what is a difficult path on behalf of the country through public messaging. We will deal with China diplomatically and in a considered way.'

Despite these measured improvements, rising tensions in the Taiwan Strait, precipitated by a visit by US Speaker Nancy Pelosi and an aggressive response by Beijing in August, has seen tensions in the Australia-PRC relationship spike once again.

### Meeting between Australian and PRC foreign ministers

On July 8, Foreign Minister Wong met her PRC counterpart, Wang Yi on the sidelines of the G20 Foreign Ministers' Meeting in Bali, the first in-person meeting between Australian and PRC foreign ministers since September 2019.

<sup>1</sup> An invocation of Singaporean Prime Minister Lee Hsien Loong.

The Foreign Minister [described](#) the meeting as an ‘important first step’ towards ‘stabilising the relationship’, which the Australian government believes ‘is in the interests of both countries’. She also [acknowledged](#) that ‘We’ve got a long path to walk and both countries will have to choose to walk it.’

There were clear differences between Australian and PRC accounts of the meeting. Foreign Minister Wong’s [statement](#) was short, clinical and cautious. The PRC [statement](#) went into greater detail, declaring that ‘China is ready to re-examine, re-calibrate, and reinvigorate bilateral ties’. It also levelled the blame for tensions in the relationship at the Morrison government, claiming that it had been ‘the root cause of the difficulties in China-Australia relations in the past few years’, on account of being responsible for ‘a series of irresponsible words and deeds against China.’

Shadow Foreign Minister Simon Birmingham [rejected](#) the PRC’s claim, saying, ‘It is widely acknowledged that the Chinese government has changed in recent years and Australia’s actions to protect our critical infrastructure or democratic institutions were entirely appropriate in the circumstances. To suggest that Australia acted in isolation would be a rewriting of history.’

Later in the month, former prime minister Scott Morrison [told](#) the Global Opinion Leaders Summit in Tokyo, ‘I was pleased to be part of and lead a government in Australia that took a strong stand in response to the PRC’s assertiveness. We chose to resist, not provoke the PRC.’

Subsequent to the foreign ministers’ meeting, several government ministers reaffirmed that despite the shift in tenor, the new government’s policies had not changed. In an interview on July 13, Foreign Minister Wong [said](#), ‘I made the point to the Chinese Minister, privately, and I will make it again publicly, the government of Australia has changed but our national interests and sovereign choices have not.’

Pacific Minister Pat Conroy [repeated](#) the sentiment: ‘The attitude of the new Australian government is essentially the same as the last Australian government on the issue of China and their increasing assertiveness in the region.’

### ***The PRC’s four-point list***

The [English summary](#) of the foreign ministers’ meeting issued by the PRC Foreign Ministry on July 9 outlined a four-point list<sup>2</sup> for Australia to improve relations:

First, stick to regarding China as a partner rather than a rival. Second, stick to the way we get along with each other, which features seeking common ground while reserving differences. Third, stick to not targeting any third party or being controlled by any third party. Fourth, stick to building positive and pragmatic social foundations and public support.

On July 11 during a [press conference](#), a journalist, describing the points as a ‘list of demands’, asked Prime Minister Albanese, ‘Just on China, they’ve come out on the weekend and given a list of demands to improve Beijing-Canberra relations. What is your response to the demands?’ The Prime Minister responded:

Australia doesn’t respond to demands. We respond to our own national interest. I’ll say this. We will cooperate with China where we can. I want to build good relations with all countries. But we will stand up for Australia’s interests when we must.

A PRC Foreign Ministry spokesperson, asked about the Prime Minister’s remarks, did not [address](#) them directly, repeating instead the line that ‘China is ready to re-examine, re-calibrate, and reinvigorate bilateral ties’.

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<sup>2</sup> Note: ‘four-point list’, ‘four-point proposal’, ‘four demands’, ‘four requirements’ have been used to describe the points.

While there was much observer commentary about how to characterise the four-point list, Foreign Minister Wong [said](#) in a July 13 interview, ‘Those are, essentially, the points that the Chinese have made for some time.’ She described them as ‘high-level rhetorical points’ that were ‘reasonably unsurprising’.

The PRC Foreign Ministry on July 19, referring to the Foreign Minister’s interview, [stated](#), ‘China has noted the positive elements of the statement of the Australian side’.

### Security challenges presented by the PRC

Defence Minister Marles this month continued to emphasise the scale and complexity of the security challenges posed by the PRC.

Having last month described the PRC as Australia’s ‘biggest security anxiety’, he [declined](#) to directly repeat the assessment when asked, but instead frequently emphasised the PRC’s military build-up – ‘the biggest... we’ve seen since the end of the Second World War’ – in parliament, speeches and comments to the media.<sup>3</sup> Asked whether ‘China’s rapid military build-up... [kept him] up at night’, the Prime Minister [stated](#) that ‘national security is a major issue’, noting, as an example, the ‘issue of chaffing and the incident of the Australian aircraft’ (referring to a PRC fighter jet interception of a Royal Australian Air Force maritime surveillance aircraft in May, discussed in the [Australia-China monthly wrap-up: June 2022](#)).

On July 3 Mr Marles [said](#) that the PRC’s aim to ‘shape the world around it... does present challenges for us and it’s important that we meet those challenges. We can’t take any backward steps in relation to this.’ He [repeated](#) this claim on July 5.

During an event at a Washington-based think tank on July 11, the Defence Minister [stated](#) that ‘new weapons that challenge our military capability edge; expanding cyber and grey zone capabilities’ are forcing Australia to ‘[think] hard about the security of our strategic geography, the viability of our trade and supply routes, and above all the preservation of an inclusive regional order founded on rules agreed by all.’ He placed special emphasis on ‘the use of force or coercion to advance territorial claims, as is occurring in the South China Sea.’

Mr Marles also acknowledged the foresight of the previous government, whose [Defence Strategic Update](#) two years prior ‘observed, pretty significantly, for the first time that Australia was within a 10-year threat window.’ The question as to ‘what we are going to do about it’ nonetheless remained ‘unresolved’, and ‘is the question that faces us as a new incoming government.’

### Taiwan

The Prime Minister and Defence Minister were on several occasions in July probed about Australia’s position on Taiwan. They both [consistently indicated](#) that there has been no change to Australia’s one-China policy, that Australia [opposes](#) aggressive actions to alter the status quo, and that they would not ‘[deal with hypotheticals](#)’.

Asked on July 26 how Australia would respond in the event of military conflict between the US and China, the Prime Minister [said](#):

[I]t’s important that we lay out the challenges that are before us in the national security space, but it is also important that we don’t raise fears in order to score domestic political points.

As [reports](#) emerged that Speaker of the US House of Representatives Nancy Pelosi was planning to visit Taiwan in August, former politicians presented mixed views. Former Labor prime minister Kevin Rudd [said](#) not the visit would not be ‘helpful in terms of Taiwan’s intrinsic national security’, while former Labor prime minister Paul Keating [termed](#) it ‘foolish, dangerous and unnecessary to any cause other than her own.’ Former

3 See, e.g., Richard Marles, interview, Center for Strategic and International Studies, July 11 2022 <<https://www.minister.defence.gov.au/minister/rmarles/transcripts/interview-charles-edel-csis-washington-dc>>; ‘Address to the Australian American leadership dialogue’, July 14 2022 <<https://www.minister.defence.gov.au/minister/rmarles/speeches/speech-address-australian-american-leadership-dialogue>>; interview, *Sky News*, July 25 2022 <<https://www.minister.defence.gov.au/minister/rmarles/transcripts/interview-peter-stefanovic-sky-news-0>>.

Liberal defence ministers [Christopher Pyne and Kevin Andrews](#) took a different view. Mr Pyne stated that ‘the worst thing Nancy Pelosi could do is not come because of the precedent it would establish that China can bully senior US politicians’, while Mr Andrews said, ‘It’s more the principle that, you know, should some third country be able to say to another one: ‘You can’t have a visitor?’”

Senior ministers’ reactions to Ms Pelosi’s visit was muted in July, with more statements around the issue in August. It was, however, welcomed by Labor MP Peter Khalil, incoming chairperson of the Parliamentary Joint Committee on Intelligence and Security, who [said](#), ‘It’s a reaffirmation of the Biden administration’s commitment to the region.’ He went on to say, ‘[T]his is a really important trip because it is all about US presence and US engagement, both economic and in a security sense in our region as a stabilising force.’

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

Foreign Minister Wong [told](#) the press on July 6 that ‘we have maintained our public position calling for both [Yang Hengjun and Cheng Lei’s] treatment to reflect the appropriate standards and their release.’ She [noted](#) on July 8 that she had raised their cases with her PRC counterpart during their meeting at the G20.

On July 13, Prime Minister Albanese made [reference](#) to their plight saying, ‘[W]e’ll continue to raise human rights issues, that Australians have been detained unfairly in China.’

### **South China Sea**

Concerns about developments in the South China Sea continued to be a major feature through much of July, with stronger ministerial language on the issue. Observers [noted](#), for example, the Defence Minister’s use of the word ‘assert’ in relation to the UN Convention of the Law of the Sea and freedom of navigation as opposed to ‘exercise’:

[W]hat our military does, what our navy does in the South China Sea is routine. It’s been doing it for decades, and it is focused on asserting the UN Convention on the Law of the Sea: freedom of navigation, freedom of overflight, the global rules-based order, which I’ve been describing as being so important for our national interest.

During the NATO Summit in Madrid in late June, NATO allies for the first time [agreed](#) to include threats posed by the PRC into the organisation’s strategy blueprint. When asked about this in an interview on July 4, Mr Marles [stated](#) that the development was ‘significant,’ for it acknowledges that ‘the global rules-based order... certainly in the Indo-Pacific, is being placed under a pressure’ greater than ‘what we’ve seen at any times since the Second World War.’ The PRC, Mr Marles stated, was ‘asserting an idea of sovereignty’ in the South China Sea ‘which is inconsistent with how we understand the UN Convention on the Law of the Sea,’ and which was significant for Australia since ‘most of Australia’s trade traverses’ that body of water. He [repeated](#) this on [several](#) occasions throughout the month.

On July 8, Prime Minister Albanese, together with New Zealand’s Prime Minister, Jacinda Ardern, addressed the South China Sea issue in a [joint statement](#) following this year’s Australia New Zealand Leaders’ Meeting, expressing ‘serious concern over developments in the South China Sea’.

It was reported on July 13 that HMAS Parramatta, an Australian warship, had been ‘closely tracked’ by a PRC guided missile destroyer and a nuclear-powered attack submarine as it travelled through the South China Sea and East China Sea. The Defence Minister [declined](#) to provide further details on the matter.

### **The Pacific**

The security deal between the Solomon Islands and the PRC, and the geostrategic significance of Australia’s engagement with Pacific Island countries more generally, continued to be a focal point in July.

In an interview on July 5 Prime Minister Anthony Albanese [said](#), ‘We know what occurred when we dropped the ball with the agreement that occurred between the Solomons and China just earlier this year,’ which in

interviews on July 8 he [described](#) as something that ‘came as a shock to Australians’ [and](#) ‘caused a great deal of concern here in Australia.’ Later in the month he [made plain](#) that ‘the interests of Australia would not be served by having a military base so close to where Australia is and so close to where Queensland is as well.’

He emphasised in the July 5 interview that engaging with the region is important since ‘[w]e live in an era of strategic competition between the great powers of the United States and the rise of China. We know that China is more assertive, we need to stand up for Australia’s national interest.’

On July 8, the Prime Minister [said](#) that ‘strategic competition in the region’ had increased because the PRC under Xi Jinping’s leadership ‘is more forward leaning, it is more aggressive,’ and that Australia would ‘co-operate with China where we can’ while ‘stand[ing] up for Australian values when we must.’

During a speech delivered on the Solomon Islands’ independence day, Prime Minister Manasseh Sogavare made it a point to single out the PRC for thanks, [describing](#) the country as a ‘worthy partner’. These remarks were noted with ‘[appreciation](#)’ by the PRC Foreign Ministry. In the same speech, he appeared to allude to Australia in making reference to relationships at times ‘souring’. However, there was a shift in tone following a visit by Prime Minister Albanese to the Pacific Islands Forum, at which the Australian and Solomon Islands leaders met. In an [interview](#) published on July 14 – Prime Minister Sogavare’s first since the inking of the security pact with the PRC – he stated, ‘Let me assure you all again, there is no military base... in the agreement.’ He noted, ‘If there is a gap [in security assistance], we will call on support from China. But we’ve made it very clear to the Australians... that they are a partner of choice ... when it comes to security issues in the region, we will call on them first.’ Prime Minister Albanese subsequently [stated](#) that he was ‘very confident’ there would be no military base, [pointing](#) to both Sogavare’s ‘public comment... and his private comments’.

On July 12, the US [announced](#) ‘commitments to strengthen US partnership with the Pacific Islands’, including a pledge to triple its funding, increase its diplomatic presence by opening two new embassies, and return Peace Corps volunteers to the region. The Prime Minister [welcomed](#) the US’ ‘increased presence in the region’.

On July 13, the Foreign Minister [said](#) the government recognises that ‘China’s presence in the region is a fact of life... And we’ll be focused on what we can do to make sure Australia continues to stay very present in the region’.

On the same day, Pacific Minister Pat Conroy [stated](#) that Australia was ‘open to partnering’ with the PRC and other countries ‘in supporting the development aspirations of the Pacific.’ He said, ‘We partner, for example, in projects that go through the Asian Development Bank that might involve Australian finance, mixing with other people’s finance, developed by the Asian Development Bank and built by a Chinese company.’ The Foreign Minister [noted](#) that any such collaboration would need to ‘meet certain principles’, citing transparency, the priorities of the Pacific, equality and ‘no strings attached’. She said further that there was ‘nothing in contemplation on the infrastructure front at this time.’

On July 14, the Australian government [welcomed](#) the finalisation of Telstra’s acquisition of Pacific – the largest mobile phone carrier in the South Pacific region, operating in Papua New Guinea, Fiji, Samoa and Vanuatu. The deal, priced at US\$1.6 billion, was mostly financed by the Australian government, which contributed US\$1.33 billion through Export Finance Australia. Telstra contributed the rest. (See further discussion in the [Australia-China monthly wrap-up: October 2021](#)).

On [several](#) occasions in July, Prime Minister Albanese [emphasised](#) that Australia is part of the ‘Pacific family’ and [reiterated](#) Australia’s aspiration to [remain](#) the ‘security partner of choice’ to nations in the Pacific region.

## The PRC and Russia

July saw statements from senior Australian ministers that called on Beijing to do more to place pressure on Russia to cease its invasion of Ukraine.

In an [address](#) to the Singaporean International Institute of Strategic Studies on July 6, Foreign Minister Penny Wong emphasised that countries ‘that play leading roles in international fora, and countries with influence on

Russia' should 'exert their influence to end this war.' This was especially the case for 'China, as a great power, a Permanent Member of the Security Council, and with its 'no limits partnership' with Russia.' Senator Wong also invoked past calls by former prime minister Paul Keating and Singaporean Prime Minister Lee Hsien Loong for the PRC to exercise restraint as it grows.<sup>45</sup> She **reiterated** this point the next day.

This message was supported by Defence Minister Marles, who **stated**, 'China is in a particular position of influence in relation to Russia', and that Australia will 'continue to advocate to all countries, but particularly China, to use its influence in respect of maintaining the global rules-based order.'

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- 4 Foreign Minister Penny Wong included the following quotes in her July 6 speech: Paul Keating: 'As [China]... steps up to a larger leadership role it will at the same time need to be willing to accept and respect restraints on the way it uses its immense strength, because the acceptance of such restraints by great powers is the key to any successful and durable international order.'; Lee Hsien Loong: 'To grow its international influence beyond... military strength, China needs to wield this strength with restraint and legitimacy.'
  - 5 Defence Minister Richard Marles had in June referred to the same quote by former Prime Minister Keating. See Richard Marles, 'Address: IISS 19<sup>th</sup> Shangri-La Dialogue, Singapore', June 11 2022 <<https://www.minister.defence.gov.au/minister/rmarles/speeches/address-iiss-19th-shangri-la-dialogue-singapore>>.