

In conversation with Shadow Trade Minister Kevin Hogan on Australia-China trade

Speaker: The Hon Kevin Hogan MP, Shadow Minister for Trade and Tourism

Moderator: Professor James Laurenceson, Director, UTS:ACRI

April 30 2024

University of Technology Sydney and online

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Professor James Laurenceson:

Good evening all. Let's make a start. My name is James Laurenceson. I'm the Director here at the Australian-China Relations Institute at the University of Technology Sydney.

Before we begin the proceedings this evening, on behalf of all those present, I would like to welcome you all here tonight and to acknowledge the Gadigal people of the Eora Nation upon whose ancestral lands the beautiful UTS city campus stands. I'd like to pay my respects and our respects to their Elders both past and present, acknowledging them as the traditional custodians of knowledge for this land.

Welcome to all our members tonight, joining us both online and in the room this evening. Tonight's event is going to be a special one. I already have one regret though, I've only booked our speaker tonight for one hour. When I was going through the questions tonight, I wish I had booked him for two hours, but we'll do our best.

Look, let's just get straight into it. To kick things off tonight, I would like to now invite Mr Iain Watt, the Deputy Vice-Chancellor (International) of the University of Technology Sydney, to welcome our guest tonight.

Mr Iain Watt:

Thank you very much, James.

Tonight it's our pleasure to welcome the Honourable Kevin Hogan MP to UTS and to the Australia-China Relations Institute. Mr Hogan has been the member for Page in northern New South Wales since 2013, says 2103 in my notes, but I'm sure that's not right. Most importantly for our discussion tonight, Mr Hogan currently serves as a Shadow Minister for Trade and Tourism. Given we're somewhere around 12 months out from the next federal election, it's a good time for us to get a perspective from the Coalition on the economic relationship between Australia and our largest trading partner, China. A relationship that's always been complex and probably is even more so than it's ever been.

On the one hand, total trade values continue to increase. In fact, last year Australia exported \$204 billion worth of trade goods and another at least \$10 billion worth of services in education and tourism to China. Our second-largest export market, Japan, when you added the like, it's less than half of what we send to China. But on the other hand, there were more goods and more investment proposals and more student visas that are experiencing disruption, blockages than ever before. So tonight, we're going to learn how the Coalition sees the balance of risks and opportunities from economic engagement with China and, hopefully, how those risks might best be mitigated. And through both a short presentation from the Shadow Minister, followed by a discussion with James, where he'll go through some questions that have been pre-prepared from input from all of you.

So, Mr Hogan, thank you again for coming. I'd like you now to welcome you to the lectern to deliver some opening remarks before you then move into your conversation with James.

The Hon Kevin Hogan:

Look, thank you Iain. It's delightful to be herem and to you and James, thank you for the invitation. And look in acknowledging James, I mean, I've had a number of conversations with James as you'd appreciate, and I love your passion about this particular subject. So, you play an important role in what has been a delicate and a fractious relationship over the last few years, and your contribution to that and your public discourse in that I think has been very important. So, I want to thank you and acknowledge that at the start. I think he's buying me a meal later, so that was the trade-off, right?

Look, thank you for attending. And look, I know and chatted to a few of you before we got started about your passion and interest in what is a very, very, for me as well, a very, very important subject.

Before I go into our specific relationship of Australia-China, I want to tell you, and some of you may have heard these figures before, about an economic miracle that's happened across the world in the last 20 years. And that miracle is that global trade measured in US dollars has gone from six trillion, actually was it six, three-and-a-half, three-and-a-half trillion US dollars 20 years ago to over 30 trillion US dollars in the last stats. So you can see the enormous growth in world trade over that 20-year period. And what is interesting is what's happened at the same time is global poverty, as measured as a percentage of the total population of the globe, has gone from 30 percent to 10 percent. So over a billion people, a billion people have come out of global poverty over the last 20 years. Hundreds of millions of those are within China. So, that itself is an economic miracle for both China and the world.

And I think I always say to social welfare advocates that if you want people's lives to improve and you want people to be more prosperous, you should all be avid trade advocates. I don't always get an agreeing stare from them, but I go through those stats. The best thing that's happened for global poverty, I think in the history of the world almost, has been the trade ballooning in the last 20 years.

Now, as we know, China has been a large player in that. And as I say, China itself has been an economic miracle, and I think both the Chinese people and the Chinese government need to be congratulated for that. That hasn't happened by accident. That happened because they had a very clear policy and decision that that was a journey that they were going to take.

Now, Iain just mentioned some figures now, by fate that Australia and China have taken a journey over that time that has been very symbiotic. And the figures today, as Iain just said, the figures for 2023, actually out today from the ABS, \$214 billion of exports of goods and services from Australia to China, more than our next five added up together. And they include places like Japan and the US, South Korea, and those together add up to be the same size as our exports to China. So, this has been a journey that we have been taking together because of the complementary parts of our economies. I mean, we know – and I constantly remind people

– that Australia’s biggest exports are coal, iron ore, gas, agriculture, and of course foreign students and education. And I was speaking to Iain earlier, I think as a separate – I’ll just take a little tangent for second, is I think that we need to tell the story about it domestically to the Australian market and how important foreign students are to our economy, how important they’re to the university sector, because I really don’t think a lot of Australians understand those numbers and the important part they play.

So, the relationship. I’ve been in parliament since 2013, so I’ve seen some very high times in the relationship. Andrew Robb is a friend of mine. I knew Andrew when he was trade minister and what a great job he did. And Andrew negotiated ChAFTA. We had the President, Xi Jinping – I was in the parliament in 2014 when he addressed our parliament, which is very unusual that a foreign leader does that. And they were high times and they were exciting times, and we were all obviously very excited about the free trade agreement. And look, just a little plug here. I’m sure a lot of you may follow domestic politics quite closely and you might watch programs like ‘Nemesis’, which are into the drama of politics and into who was stabbing who in the back and all the drama behind leaderships and stuff. Well, what never comes out of those shows, and it’s a shame, but what should have been in every show when it talks about the Coalition government from 2013 to 2022, was our achievements in trade. Because when we came into government in 2013, about 25 percent – James could probably correct me on some of this stuff, I feel nervous talking in front of James with statistics – but I’ve got a stat in my notes, it says 25 percent of our goods and services in 2013 covered by a free trade agreement, was about 25 percent. By the time we left, remember the last two deals we did, ChAFTA was in the middle, but the last two we did were the UK free trade agreement, and we did the preliminary agreement we did with India, so by that stage it had gone to 80. So that’s an enormous growth of trade agreements that happened. And right now, it’s still those agreements, I believe, and the exports, that we are good at. And I don’t have any shame in what we’re good at. I mean, if we’re a quarry, if we’re making money out of being a quarry, I’m okay with that. You want diversification, but I’m not ashamed of that and I don’t think we should be ashamed of that. It’s a complementary thing that we do. And our export markets right now are driving Australia’s economic performance through royalties and funding government services like you wouldn’t believe, and that’s all our exports industries, high paying jobs and export industries, et cetera.

So, they were the high times. And with ChAFTA and the president talking to Australian parliament, you’d say, ‘What could go wrong?’ Well, a few things did. And look, I think we need to acknowledge that and we need to own that. And I always start this, I have great fondness, by the way, for the current Chinese Ambassador to Australia. And it’s not a joking matter, but we were having a conversation about relationships and look, personal relationships, your personal relationship with your closest and dearest is never – there’s always – there’s the bumpy rides relationships, business-to-business relationships are bumpy. The courts are full of business-to-business relationships that have gone sour. The Family Court indeed is full of personal relationships that have had rough times. So I don’t think we should shy away from it. I don’t think it’s something that we even really, we don’t ever want it to affect the relationship and it damages it permanently. But I don’t think we should be surprised. And I don’t think we should shy away from the fact that even though we have a great trading relationship, even though we have great respect for each other, and we should always do things civilly, that we’re going to bump each other or rub each other occasionally in the wrong way. And I think that is fine. I think again, like with personal relationships, like with business relationships, the important thing is how do we do that with each other? And I think it starts with, one, we’re going to have to agree to disagree on certain things, and I think that’s okay. We have a different cultural background, we have different values in different areas, and I think that has to be acknowledged. And I think sometimes behind closed doors, I always say to my colleagues, don’t have a [inaudible]. If you have a problem with the Chinese government or any other government around the world, do it behind closed doors. We do not need megaphone diplomacy. So I think that’s one rule that we need to keep as best we can as a mode of operation.

Look, I’m not going to go into – I could, but I won’t. I mean, I could go into how we are rubbing each other up the wrong way, but I think we are aware of how we do that. And look, I did, for what it’s worth, I did a cyber security briefing, three or four days cyber security briefing last year. And we are rubbing each other up the wrong way. And we are doing things that are going to upset each other. Okay? And certainly as an Australian government

perspective and Australian politician perspective, I see things and go, 'That's sort of not okay.' And we need to talk about that openly, I think, with each other and try and – for the relationship to always get better.

But what I come back to, and I'm always going to finish on this note, is has it been better for our relationship, which is going to have ups and downs, has it been better for us as a country, China and Australia? Has it been better for us that we've been trading in such great numbers when the relationship has been under strain or not? Now, I say this to all of my colleagues, it is better the fact that we have had people-to-people and business-to-business trading relationships going on. And we've been close with China in an economic complementary way when the relationship has sort of thawed a bit. But when things were really tight, it was better that we were trading than if we were not trading. It's given us a common interest and a common respect that we need each other, that we are good for each other in that level. And I think that's a very positive thing.

So, I certainly will always be pointing to the fact that we need to promote, sell the positive about our relationship and our complementary economies. Respect the fact that we're not always going to agree, and sometimes that will be uncomfortable, but I, with my colleagues, and as long as I'm Shadow Trade Minister, and I hope to be Trade Minister one day, I will always be pushing to maintain that relationship, the tightness of that relationship, the importance of that relationship, because that will help us complementarily deal with other issues and disagreements we may have.

So, James, I'm happy to tie it up there, mate, if you want, and just go to Q&A. Thank you.

Just one other thing, I just will admit, I've got a note down the bottom. One other positive about the Chinese and our relationship, and I tell my colleagues this, we have to respect the respect that China had for the WTO process, because with the issue, especially with barley and wine, we obviously as a previous government, initiated appeal through that, and China went through that process. And I think we need to respect and see the value of the WTO process as well. You're going to bring up to the – I've missed my – we'll talk about it later, because I think the ministerial dialogue between RCEP is very important too. I'll talk about it.

Thanks, James. Cheers.

Professor James Laurenceson:

Comments that we were better off during that period when there were challenges, by having those people-to-people ties and those strong trading ties, I think 95 percent of the audience would've been delighted to hear that.

Kevin, I'm really keen to jump into Australia-China, but I do just want to ask you one quick question about your bio. I think it's useful to put a bit more colour behind the person. Now, I guess, amongst Australian members of parliament, when you look at their tertiary qualifications, I think probably law degrees are the most common. You don't, you've got an economics degree and you've also got a money markets background as well. So, just a very quick question. Does that background and that formal training, I mean, I assume you actually understand comparative advantage, and a lot of people don't, does that help you in your portfolio today?

The Hon Kevin Hogan:

James, I'm so glad you asked me that question and I'm going to probably upset, I don't know, 40 percent of the room, maybe: lawyers are so overrated. But look, yes, so I was fortunate enough, I came to Sydney when I was about 23, 24 with an economics degree. It was when the financial markets were being deregulated, so we'd floated the dollar, we were lowering tariffs, the banking sector was being deregulated.

So, I had a great time, great fun, and a lot of money, trading bonds and other indices and exchange traded things around the world. So, gave me a good insight into the world economic system. I worked for a, what we called a official money market dealer, which dealt with the Reserve Bank every day, taking money in and out of the system. So, I could talk to you all night about fiat currencies and reserve fraction, reserve banking, but we won't.

Professor James Laurenceson:

Okay. Well, I think it is useful, I think, to have a trade minister with that formal training behind them. It'll certainly help with the job.

Look, let's jump into Australia-China. Kevin, I'd like to begin with a couple of questions around the trade disruptions that we've experienced. I mean, it's better we just air this and get everything on the table.

The first question I'd like to ask you is, how you saw or how supportive, or not, were you of the way that the Labor Albanese government handled some of those disruptions? Let me focus on barley and wine, which were the goods that were hit, that China put in place a massive anti-dumping tariff on Australian barley and wine, essentially wiping out the trade.

Now, you know what happened. Let me just brief our audience just to make sure we're all clear on this. For barley, for example, on the 15th of March last year, the World Trade Organization circulated its final ruling to both parties, Australia and China, but did not release the ruling publicly. Now, a few weeks later, the two sides, Beijing and Canberra, announced that they had struck a deal whereby Australia agreed to suspend the WTO case, and China said, 'We're going to go away and do an expedited review.' A few months later, the tariffs are off.

Now, when those tariffs came off, I remember you and your colleague, Simon Birmingham, the Shadow Foreign Minister, you issued a press release and you said you were supportive of the government's willingness to suspend those tariffs. Now, not all of your Coalition colleagues are supportive. I think in particular of Senator James Paterson, for example, the Shadow Minister for Home Affairs, he thinks that the government should have insisted that Beijing face a public ruling against it by the WTO. So, why were you and Senator Birmingham of the mind that that was something to support?

The Hon Kevin Hogan:

Well, as Shadow Trade, I want to be a practical person. So, this isn't about scoring points. This isn't about going through an international organisation and winning a court case. This is about getting a practical outcome for our exporters. And I chatted with the minister about this at the time and said, I would wholeheartedly support him if he did that, because I felt that it would be quicker.

So, if we had gone through the WTO process and won it, as you well know, China could well have appealed that process and it would've been a two-year appeal process, which would've just dragged on and on and on. I mean, obviously, the goodwill from China was that, 'We'll do this, it'll take us four months, but I think it'll be okay' was quicker for our exporters. I thought it was a very easy decision to support the government in.

Professor James Laurenceson:

Okay. Okay. So, pragmatism at the top of the list.

Now, look, not all of the trade restrictions have been removed. We've still got restrictions affecting rock lobster and some meat processing facilities.

Just last week, I saw you issued another statement where you called on the government to, let me get the quote right, 'The government must ensure China removes all trade bans.' So, that leads me to ask, if you were the trade minister, what would you be doing differently that Senator Farrell is not currently doing? What areas is he falling short in, in your view?

The Hon Kevin Hogan:

Well, I put that out actually because Don told me last year that it was all going to be over by Christmas, that all the trade bans were going to be lifted. And look, I'm happy to say this publicly, I work in a very trade and tourism, if there's a portfolio that's a bipartisan portfolio, it's trade and tourism, we're in this for Australia's benefit.

But look, part of it was that. I mean, Don was very optimistic that that would be all done by Christmas. He obviously felt that he had some feedback or some information loop that would meant that. So, I think just to maintain the pressure that this happens is a good thing to do.

Professor James Laurenceson:

Right.

The Hon Kevin Hogan:

Just an anecdote too, one of those abattoirs that is banned is in my electorate. The biggest employer of my electorate, and they're banned, I think, for not a valid reason.

Professor James Laurenceson:

Okay. So, holding the government to account, that was something Trade Minister said, it hasn't happened, so let's hold them to account. Fair enough.

Look, I'd like to now move into a couple of questions relating to managing the risks associated with Australia's trade exposure to China. I remember at the end of '22, we were down to about 29 percent of Australia's exports going to China, but we're now back up. Latest numbers I looked up, back up to 36 percent. Some people say that's a huge risk for the Australian economy.

Now, one way that trade risks can be mitigated is through international agreements and trade rules. There are plenty of commentators who will say, 'Look, when it comes to the China-Australia free trade agreement, it's not worth the paper it's written on, because Beijing will do whatever Beijing wants to do.' And certainly, you've been clear in your view that China hasn't been living up to its ChAFTA obligations and its WTO obligations. So, what would be your response to that? Do you still see value in ChAFTA and the World Trade Organization when it comes to China? Or has China really damaged your confidence over the last few years by its behaviour?

The Hon Kevin Hogan:

Oh, look, I think ChAFTA and the World Trade Organization are crucial, and I think they're both good things. I know they're not perfect. The WTO's process is certainly not perfect and there's a lot of damage being done to the WTO, especially the dispute resolution process, over the past few years, including mainly from the US.

But look, back to your first point about our – look, I think diversification is good. I think, spreading your risk – I mean, any business tries not to have a customer that's too important, because if that customer falls over, your business goes broke. So, I think that's important to look at it as a countrywide basis, but we complement each

other so perfectly. It's hard not to, right? I mean, the iron ore market, I mean, I think we're over 50 percent of the iron ore that China imports. We're good quality. I could go through others.

The products you could see that we couldn't find other markets for it. Right? We couldn't find other markets for red wine. We couldn't find other markets for coal, we couldn't find other markets for barley. Our wool clip. I mean, not everyone will be aware, something like over 80 percent of our wool clip goes to China. Now, that's because China, because of the great job it's done in the last 20 years, has become a processing powerhouse.

Now, what I think may happen, and I don't think it's necessarily bad for China or us, I think there's going to be a lot of risk spread around, and there'll be money now invested. Some companies will invest in processing of certain things in other countries as well, just to spread the supply chain risk. I don't think that's unhealthy, but I think we'll always complement each other.

Professor James Laurenceson:

Gee, I've got to say, it's good to be speaking to a Shadow Trade Minister who understands the facts and the economic realities, because some people do imagine that, why are we selling 80 percent of our iron ore exports when we could be selling them to some other market that I've never heard of before?

Ditto, actually, I just had a piece in *The Australian* just yesterday, looking at our lithium trade, for example, about 95 percent of Australia's lithium goes to China. There's a lot of excitement that we might start selling more lithium to our geopolitical mates at the United States and Japan. But the problem is, is collectively all our strategic partners only imported \$1.1 billion worth of lithium last year. China imported nearly \$14 billion. So, it's no surprise that our markets are where they are.

All right. Another one on just managing some of these risks. We know that WTO cases between Australia and China don't always go Australia's way.

The Hon Kevin Hogan:

We saw one recently.

Professor James Laurenceson:

Exactly, just last month we had a case where China won a WTO case against Australia, around some anti-dumping tariffs that Australia had put in place on a variety of imports from China, steel products. Minister Farrell said he accepted the ruling and he committed to working with China to implement that ruling. Would you have done the same thing?

The Hon Kevin Hogan:

Well, I mean, James, you'd be hypocritical not to, right? I mean, we're going through a WTO process where we think what China did was wine and barley was not within the agreement. So, if China are going, 'Well, what you've done here with this issue is this.' And we don't adhere to the ruling, I mean, that's cutting off your nose to spite your face. So, of course, we should. The WTO is there to be the independent umpire, and of course, we should do that.

Professor James Laurenceson:

Folks, it's good to hear that clarity because I can tell you in a lot of countries around the world now, including a lot of other liberal democracies, they do not take that position, right? I can tell you now that if the United

States loses a WTO case, they immediately put out a press release saying they reject the decision and they say, literally say, 'We have no intention of complying with the ruling.'

So, I'm pretty relieved that in Australia we've got a trade minister and a shadow trade minister who remain committed to that WTO process. And it's not just for fuzzy reasons, right? It's because it actually delivers results, as Australia has seen over and over again.

The Hon Kevin Hogan:

Well, and James, you'd be aware, as many people in this room would be, forming the WTO and the dispute resolution process and what they do and how countries join it. I mean, that doesn't happen overnight. A lot of thought, legal thought, processes go into that. And if you're going to abandon it, you can't just say, 'Well, we're going to be part of the WTO process, but only follow it when it comes down in our favour.'

Professor James Laurenceson:

Okay. All right. I've got two more questions, and I'm conscious we're going to have tons of questions from our audience.

Kevin, these are big picture questions about trade and how that fits into Australia's approach of engaging with China more generally. One is about diversification. So, I agree, as you said, diversification as a principle makes good sense, but the policy of trade diversification can take different forms, right? For example, at one end of the spectrum, it can mean the government simply makes businesses sure that they're clear of the risks that they face, geopolitical risks, for example. But ultimately, the government leaves it in the hands of businesses to decide where they want to sell to, where they want to source from, and how they manage those risks.

I mean, to give credit to Scott Morrison, I mean, even just one month before the last federal election, despite all the geopolitical challenges, he said, 'Ongoing engagement between private industry and businesses with markets like China is very important and I will continue to encourage that.' So, that's commonly referred to as a China-and diversification strategy. Now, you'd be reading the papers, so you'd know there's a lot of people who urge the government to take a more restrictive approach, proactively make it harder for Australian businesses to trade with China, or indeed, blocking some parts of trade with China altogether, and using taxpayer funds to incentivise trade with our geopolitical friends, the United States, Japan, India, and so on. So, it's more of a China-or diversification strategy. Where do you land on that spectrum?

The Hon Kevin Hogan:

Got it. Notice what the last question is, because this is a very difficult question.

Look, this is complex, because if you were to look at China – And let's bring both in, let's bring China and the US in. Right? I think China have done things to distort market processes. So, it's much easier for them to make decisions to say, 'Okay, we want to be a processor or we want to give support to this sector of our economy and become the person in the world that does that.' Now, they do things we would never do, to do that, with government support, obviously government money, and however other ways they do that. So, that distorts it to start with. Right?

You could say now with the US, with the Inflation Reduction Act, that the same thing's happening. Right? There's a lot of incentives and capital's going over there that might not otherwise. So, how do we, as quite a minor – well, in the size of our economy, not a big player, we're a very open trading nation. How do we deal with it? And I think it's complex. So, to answer your question, my first point is to go where the market and where the money directs you to. But that being said, I wouldn't say I'm a purist in the sense of, if there are critical supplies and everything's coming from one place, that's a good idea.

Professor James Laurenceson:

Sure. Yeah, that makes sense.

A question about how trade with China features in the Australian government's approach to managing relations with Beijing more broadly. Some have criticised the Labor Albanese government for pulling their punches to protect trade. I'm not sure if that's true, but that's the allegation. For example, it's notable that in government Labor has not sanctioned any Chinese government officials implicated in human rights abuses, for example, as some other liberal democracies have. I remember, when in opposition, Senator Wong, Penny Wong, our Foreign Minister now, accused Prime Minister Morrison of unnecessarily provocative rhetoric and 'not fully comprehending Australia's interests in relation to China.'

So do you think the Labor Albanese government has got the balance right between Australia's trade and other interests with China? Or do you think they should have adopted more forceful rhetoric and more assertive policy positions, even if that may have rebounded to hurt Australia's trade?

Just an easy one. Easy one.

The Hon Kevin Hogan:

You guys go for the shocking question.

Professor James Laurenceson:

Actually, I've got one more.

The Hon Kevin Hogan:

Look, I'm going to give a political – I'm not going to answer that question, but I'll go to the essence of what we're talking about. To give the context of the last few years, I think we need to look at both sides of the relationship. So I think China itself, I would say maybe some people would disagree with me. I mean, I forget who dubbed it the wolf warrior diplomacy, and we had the 14 conditions that were given to change that. I think that was very unreasonable. I think from their side, they said that's not good policy, and that's helped.

And the new government have obviously – I think the new government gave the Chinese government a good trigger point or catalyst to say, 'Okay, we're now going to change how we do this because we can use that as our catalyst to do that.' I think they probably would've done it anyway because it's in the interest of both countries for that to happen.

I'm not going to go into the rabbit holes of what we should push, what we shouldn't push to jeopardise the relationship, but simply say we have a good relationship and a trading relationship. I think we should always look to foster that. But I would certainly say behind closed doors, as good friends should, or as people who have a respectful and civil relationship, we should be able to talk about everything and bluntly.

Professor James Laurenceson:

Right, behind closed doors, not on the front page.

The Hon Kevin Hogan:

I don't think megaphone diplomacy would necessarily work. But then again, if you think you need to go megaphone, you do, but not as option A.

Professor James Laurenceson:

Yeah, sure. Right. Okay.

The Hon Kevin Hogan:

I don't know if that answered question, but –

Professor James Laurenceson:

Oh, that's okay. I'm not Sarah Ferguson, so I don't have the ability to come back at you with three or four questions. I'm just a mere academic.

I do actually have one final question, but don't worry. I think this one's actually easier, and given your comments tonight, I think I probably can guess how you're going to answer it. Penny Wong said last year that she sees Australia's economic engagement with China and the region as being, 'an investment in our own security, stability, and prosperity are mutually reinforcing.' A few months later, Senator Farrell gave a particularly upbeat version of this when he was in China, and he said, 'Nothing's going to do more to achieve peace in our region than strong trade relationships between Australia and China.'

Now, of course, deeper trade and economic engagement doesn't prevent geopolitical conflict or even military conflict, let's be frank. But do you share that general assessment that economic interdependence with China is a positive, as a general principle, not only for Australia's prosperity but for our security and regional stability as well?

The Hon Kevin Hogan:

Well, it doesn't hurt, right? So it's obviously good for our benefit, for both our economic prosperity and good for our relationships. I mean, we are in quite a weird situation where we have a country that we've got a great trading relationship with. We're very complementary. A lot of good things have happened. But look, if we were in a national security forum here, we would be saying, but they're our biggest national – many people in that sector, I'm not in that sector, would say, but they're our biggest national security threat. Now, some people may well say that's overstated, but some people may say it's not. But this is quite uncharted territory for us.

So what I would say is the fact that we have a great trading relationship and we have those friendships that are person-to-person, and business-to-business, and government-to-government level. And I wanted to mention in the speech, and I forgot, I think RCEP are very important here at that ministerial dialogue that you can have. I think trade is a very positive thing and can only help our relationship and, therefore, probably, as you say, improves all those things that you mentioned.

Professor James Laurenceson:

Yeah, you're right.

And Australia and China, that's something Australia and China, we share. I mean, we've got the free trade agreement. We're both involved in RCEP, not all countries are, right? I think –

The Hon Kevin Hogan:

We've just had the Foreign Minister here, I had the pleasure of meeting him. We've had now good ministerial dialogue. That's important.

Professor James Laurenceson:

Yep. Okay. All right.

I could keep going, but let me go to the audience now. We'll start with our in-person audience, and I'm sure my colleague Corey's got a few questions from our online audience.

Let's kick it off with Glenda Korporaal.

Audience question:

Glenda Korporaal from *The Australian*.

If you became Trade Minister, how would your trade policy be different to the current government and maybe more specifically to do with China? There has been a lot of talk about all the free trade agreements that were done in the past. As you say, they cover now perhaps 80 percent of trade. So I mean, what's the future of if you became minister, what sort of trade policy would you advocate? But also, what's your view on foreign investment policy? Do you think that we need to have stricter foreign investment policy and maybe specific areas, such as James was talking about, about critical minerals? Would a Coalition government introduce perhaps a review of foreign investment rules and looking at some specific areas?

The Hon Kevin Hogan:

I'll start with that one last, the last one first. Look, as you well know, we have FIRB. When we were in government, you might remember we lowered the dollar amount where FIRB would start to look at stuff. I think I respect the FIRB process. I think we wouldn't do anything to weaken the FIRB process. So I think we do need to look at investment and look at that. We don't want necessarily to have, again, all eggs in one basket or one player having – I think what we saw in COVID was we need as many supply chains open as you can get to make things more secure. So I certainly think the FIRB process is more important.

How would our position change as a trade minister if I was trade minister? Look, I'll make my first partisan political point here. We are more naturally a free-trade party than the Labor Party.

I mean, the union movement, as you know, do not like trade. There'll be a lot of senior union officials that are very anti-trade. They don't like the, what is it called, this dispute resolution, what do you call that?

Professor James Laurenceson:

The investor-state dispute settlement.

The Hon Kevin Hogan:

Yeah, so the investor-state dispute resolution process, they don't like that. I'd go back to Europe to try and do that. That's probably the last big one we need to do. So this government, Don in some ways, it was good timing for Don to take over as trade minister of China. I think we're looking to thaw the relationship, so they've had that ride. But look, we are very pro-free trade and would continue to be so.

Audience question:

I'm Andaleeb Akhand from the Royal Australasian College of Surgeons.

So, China was our largest source of international tourist arrivals pre-COVID, around 1.4 million tourist arrivals from China annually spending over \$12 billion. I think a lot of tourists operators were very optimistic once the international border came down that Chinese tourists would start coming in the pre-pandemic numbers, but it hasn't been quite like that. It's been maybe half. I guess my question is twofold.

Firstly, how optimistic do you think are you that Chinese tourist arrivals will come back to the pre-COVID norm? And if not, what strategies would you, I guess if you were a trade minister, deploy to assist Australian tourism operators to bring back Chinese tourist numbers to that level? Thank you.

The Hon Kevin Hogan:

Look, and I know that, I think there are some tourism numbers out quite recently, and I think China's again back now as our number one tourist people.

Look, I think we also – out of everything, I try and look at the positives of something, right? So I think what's happened too, we've got, I think, and the wine industry is getting a bit of a reality on this as well, China itself isn't what China was four or five years ago either. They have their own challenges. I don't think the wine market is going to get back to where it was for a long time, if ever. And I think the tourism market, maybe, as well.

So, I think Tourism Australia, as you would know, is the federal government arm that we look at our tourism strategies, they're pushing hard to get planes and the routes and the slots into Australia from China. I mean, obviously, we work that hard, and they're an important market, they will continue to be, but there's many challenges.

Professor James Laurenceson:

I know to the student numbers, if I remember correctly, I think in aggregate, the number of Chinese students applying to stay in Australia is actually back up to pre-COVID levels, although there's a lot of variety across the sector. So, yeah, China has been one of the more resilient markets.

The Hon Kevin Hogan:

Can I make a comment on that? I did at the start, but just say it again.

The foreign student market is so important. We know why it's important economically. We know it was our second-biggest export, I think, at one stage. We know the sub-unit basically funds a lot of our research; it almost cross-subsidises some of our domestic students' fees. But the intangibles of that are so crucial for the relationships, and the friendships, and what that does. And I don't think the Australian public know that, and I don't think they're aware of that. And it's something that I'm actually talking to the sector about that you need to get that message out there because I think there's pressure on it because there is this now perception that, as we do have issues with housing and rentals, that we need to stop people coming into the country to catch up. And I think, so there's a lot of pressure.

Professor James Laurenceson:

In terms of how the Australian public view China, can I just give a quick plug to my colleague over there? Elena Collinson, she runs the annual UTS:ACRI – and we do it in collaboration with UTS Business School – an annual poll of Australian public opinion on the China relationship. Now, Elena, I think that's coming out within the next month. We should have the new one out, and that'll have some data on how Australians view things like international tourists and students as well.

Okay. Any other questions? Yeah, I'll just go over there. Yep.

Audience question:

Okay. My name is Dr Garry Willinge. I'm on the Advisory Board of ACRI.

Firstly, I want to say I'm very, very happy with what you said tonight. It's very, very in line with what I believe is the right thing for Australia, and it's great policy thinking.

On my mind, it's the whole issue of R&D innovation, trading thought leadership. Of course, there are national security law issues on both sides of the ocean. How do you see that evolving? Because I see this as a major opportunity and a major lever in terms of prosperity, basically.

The Hon Kevin Hogan:

I think I know what you're talking about, but can you give me a practical example of what you're saying?

Audience member:

Yes. I'm just looking at all, for example, all of the AI and EV and all of this kind of development, which is going on in China. And we are, of course, extremely interested in that, and we are also moving in that direction. But there are many, many, many areas. And of course, the foreign students and our own students participated in all of that in terms of research. But I think I'm just interested just to see how you are thinking about how do we sort of match our aspirations in the innovation and the R&D area?

The Hon Kevin Hogan:

Well, to go back to what I mentioned a little bit earlier too, when I was talking about China with their subsidies and how they would encourage investment in industry, and now we've got the US, obviously with the IRA Act, we obviously can't compete at that level. We can't give those type of grants, subsidies. We can give incentives through tax breaks and stuff. But look, we have always, I probably make a very general comment rather than specific about AI and some of the EVs and stuff like that, is we are an open, our success as a nation is because we are a free, I believe we should be a free-trading, low-taxing economy and hopefully have cheap energy in there. We won't go into the energy debate, but we need to have low energy costs, low taxes, and an open economy, and we'll be successful, and we will complement, whether in AI, EVs, whatever rollout and research, whatever role we have. And we've had some great success stories like CSL and others you could say in Australia too, and other areas. And we will just find our niche with that.

Professor James Laurenceson:

Garry, if I can just, one stat I always come back to in that R&D space is there is a single Chinese company, Huawei, that now spends more on R&D than all Australian businesses combined. China's national spending on R&D is basically on par with the United States. So I'm all for, just speaking for someone in the university sector, I'm all for ethically engaging with China. I mean, we want to be making sure our research collaboration is not promoting human rights abuses or China's military prowess. But beyond that, I think it makes good practical sense for Australia to be engaging with China to the greatest extent we possibly can.

The Hon Kevin Hogan:

Can I ask a question of you, James?

Professor James Laurenceson:

Fire away, Kevin.

The Hon Kevin Hogan:

[Inaudible] on his back, but no, it's just a technical question. So of the R&D in Australia, my understanding is the university sector and the public sector do far more than the private sector.

Professor James Laurenceson:

Correct. That's correct.

The Hon Kevin Hogan:

That's another issue. Why is that happening?

Professor James Laurenceson:

Yeah, yeah. So, I think it helps for Australia to engage with the global markets, which, obviously, United States is one of them. We should absolutely be pushing that. But to ignore the Chinese economy, which now accounts for one-fifth of the global economy, it doesn't seem a very sensible starting proposition.

Okay. Corey, can I go to you for perhaps a couple questions from our online audience? I don't want to ignore them.

Dr Corey Lee Bell:

You might be surprised. We only have a couple.

Professor James Laurenceson:

Okay.

Dr Corey Lee Bell:

So I'll start with, I'll go in the order that they've come. So the first one is from Ian Lee, and he says, 'I understand ByteDance is establishing its regional R&D center in Sydney. With TikTok banned in the US, can the Coalition government accept TikTok's relocation of their global HQ to Sydney? Or would they, in the event that that happened?'

The Hon Kevin Hogan:

Why did we agree to take questions online?

Dr Corey Lee Bell:

Those are the only two questions.

The Hon Kevin Hogan:

Again, look, I'm going to be a good politician here and not answer that question directly.

Look, I think you understand where I come from as a philosophy with trade and the importance that is to a relationship. Going into specific issues like TikTok, I do not believe, as a shadow trade minister I'm not aware of the full briefings of the national security briefings that the government would get and don't have those and get those. So, I'm going to pass on that.

Professor James Laurenceson:

Would you happily drive a Chinese BYD electric vehicle, Kevin?

The Hon Kevin Hogan:

Where I live? Never. And that's any electric vehicle, because of the recharging infrastructure. In fact, I was talking about it with – very appropriate question, I just got driven. I made a guy drive me from my home to Ballina Airport today. It's a 30-minute drive. He had an EV vehicle and is selling it, because of lack of infrastructure and the fact he has to recharge constantly during the day, and it doesn't work. So, not yet.

Professor James Laurenceson:

Right. So, that's not a China-specific criticism. It's a criticism of EVs in general. Right. Corey, can we have the second one? And then we'll come back to our audience, so let's get this –

Dr Corey Lee Bell:

I can't quite make out the second one, but I'll give it a try. It mentions the G5 here, and more significant to China and Bali to Australia. What is it trying to get to?

Professor James Laurenceson:

Do you want to just look at that a bit longer –

Dr Corey Lee Bell:

Well, I think what it says is that the G5 is more of an issue than China in itself, but I'm not sure.

Professor James Laurenceson:

Okay. We might just – let's come back to our audience.

Any questions here? Yes? Please?

Audience question:

Hi, Kevin.

I'm Victoria from SS Group China. SS Group China has been working with Chinese investments in Australia since 2010. So, my question is about foreign FDI. I'd like to know what's the Coalition's view on Chinese investment in Australia today? And any plan to win back their confidence in investing in Australia or expanding in Australia?

Thank you.

The Hon Kevin Hogan:

Well, just generally speaking, Australia since colonisation, since 1780, has been an importer of capital for investment and for development. So, we would encourage that and accept that.

I think if I was to pick out one that is more controversial at the moment or more political, it's obviously foreign direct investment in real estate and obviously residential real estate. Look, I can support the nervousness in a lot of countries, almost the opposition to this, and I wouldn't make this China-specific. This is foreign direct investment. If the property's not being lived in, if the property, and I think tightening the rules up around that.

And for other reasons, we have tied ourselves up in so much red tape and green tape that we can't build enough homes and apartments in our nation, which is another issue, which we won't go into. But, I've got a son who lives in Sydney. He earns good money. He's 26 years old and can't afford to buy a unit in Sydney, where he needs to live. So, that's outrageous. So, I see the political will for that. I'm not opposed to that. But again, it's not a China-specific thing. But, if foreigners are buying the properties and not living in them or just buying them to park capital, I don't think we can really deal with that right now.

Professor James Laurenceson:

But, in terms of Chinese investment in productive activities, whether it's –

The Hon Kevin Hogan:

Yes, I don't have opposition of that. And we still accept it. If you look at some of the foreign investment numbers for last year anyway through the FIRB, they're still quite strong of Chinese investment in this country in different areas, which is a good thing.

Professor James Laurenceson:

Any other questions from our audience members?

Yep. Sure.

Audience question:

I'm Colin Hawes. I teach in the Law Faculty here.

Professor James Laurenceson:

We won't hold that against you, Colin.

Audience member:

Yeah. Yeah. Now I'm regretting my opening.

The Hon Kevin Hogan:

He's been after me for the last 20 minutes.

Audience member:

I agree with you about lawyers, anyway.

So, I guess the big question right now is the fact that in the US there's seems to be quite an extreme hostile attitude towards China and that's something that really impacts Australia as well. And so, is there anything that the Australian government can do to mitigate that rather extreme view towards China in the US?

The Hon Kevin Hogan:

Again, two superpowers. You have the existing superpower with the emerging superpower. There's always going to be tension there. Again, I'm not privy to all the concerns that the US would have re: China and not necessarily privy to the concerns that China would have to re: the US in that debate or that conflict if you like. Well, I don't want to say – I don't want to overstate it by saying it's a conflict, but there's obviously issues there. I think we're in a unique geographical position, where we are as well with this issue.

But, look. I just would make the point again that two superpowers like that – Well, let me put it this way, it was interesting and maybe it would be different now. When we lost some of our trading markets, guess who moved into it? The US. So, there's still a walk in this talk, right? But, look. There are real tensions there, but I'd just go back to countries need to look at what's working where they see common ground and try and have those conversations bluntly. There's going to be issues that they're going to vehemently disagree on. And they need to, and they have to have real blunt conversations about it.

Professor James Laurenceson:

Colin, just can't resist jumping in there. I've actually been quite impressed by Australian politicians when they speak up on trade issues, because I remember when Simon Birmingham was the trade minister. And when President Trump put in place his Trump tariffs, Simon Birmingham was all over Australian media making it very clear that we did not support those unilateral tariffs that the US was putting in place on Chinese exports – the US outside the World Trade Organization. And Don Farrell, more recently, I remember, when the Biden administration put in place a whole bunch of export controls targeting China, Don Farrell called them draconian. So, that says to me that at least in the trade space, Australian politicians have a bipartisan, quite a decent track record of speaking up not just to China, but to the United States as well.

Yeah. Sure. We'll go over here.

Audience question:

Hi. My name is Hock. Just firstly congratulate you on the positive messages that you're giving out. But, just an observation from the last Morrison government to now you have moved so much. Can you explain how that happened and what brought that about?

Professor James Laurenceson:

You mean in terms of rhetoric? Or the –

Audience member:

In terms of China – rhetoric. In terms of our position versus trade. And yeah. The whole climate has changed so much. Should we congratulate the Labor Party for that? Or is this something that it's more –

The Hon Kevin Hogan:

I've got to be careful. I'm on record here.

But, look. I would say also, like I hear what you're saying. To go back and look at what the previous government said, I would say that it was said with some justification. No one wanted the relationship, I don't think, to deteriorate the way it did and I've had this conversation with some Chinese officials. And I think with all due respect to that, China has seen that, look, this wasn't in anyone's interest. And as I mentioned earlier, the wolf warrior diplomacy, the 14 conditions, they've gone. And I think there's more goodwill on both sides, which is good.

Professor James Laurenceson:

So, in your view, the Coalition over the last, while it's been in opposition, it's thinking about China, has that evolved? Because I remember after the last federal election, the Coalition did a review of its election performance and there was some concerns, particularly amongst Chinese-Australians, for example, that the Coalition – Traditionally that's been quite a block of support for the Coalition, but they lost that at the last election. Is Peter Dutton very conscious of what he says about China and Chinese-Australians these days?

The Hon Kevin Hogan:

Oh look, and always has been. And look, and this issue has never been about Chinese-Australians.

Professor James Laurenceson:

Sure.

The Hon Kevin Hogan:

This issue has never been about Chinese people anywhere, including in China. This was always about certain decisions by the government of China that we had an issue with. And that should be able to be said. And again, respectfully and civilly. And I think that should always be able to be said.

Professor James Laurenceson:

Okay. Thank you.

Look, I think we've probably just got time for one final, quick question. Do we have a hand up for that? Or I can actually wrap things up?

No. Yep. Sure.

Audience question:

Hi, Mr Shadow Minister. My name is Jeff. I'm here in my private capacity.

I'm glad that you brought up that there's still one meat work or abattoir, that under the current China ban in your electorate, referring to Northern Co-op Meat Co. And so, as I understand, there are currently eight more meat works such as Northern Co. And what can you do to help? This has a lot to do with you – I'm pretty sure you got a lot of pressure for your electorate to advocate on this. What can you do to help remove the trade bans on those meat works? Thank you.

The Hon Kevin Hogan:

Well, I'm happy for any suggestions. And I bring it up with the minister every time. I say, 'You've [inaudible] thawing, but my abattoir's still banned.' He's very conscious of it. But, look. I'm obviously very aware of that.

I spoke to the CEO of the meat works the other day. They're hearing positive vibes. But again, we would view that what that ban is, is not appropriate. And we're putting as much pressure on as we can.

Professor James Laurenceson:

And look, and we expect a visit from the Chinese Premier Li Qiang within the next two months. I think it would be madness if all of those trade restrictions were not removed by June. So, that's my view anyway.

Okay. Can I now invite my colleague Deputy Director Professor Wanning Sun to offer a vote of thanks to Shadow Minister Hogan tonight.

Professor Wanning Sun:

Thanks, James.

And yes. Thank you so much, Kevin, for taking the time to come to UTS to speak to ACRI forum. I myself am an anthropologist and sociologist, so I absolutely don't know anything – I don't know anything about trade, but I think by the end of the evening I've heard enough from you and your conversation with James to be convinced that you would be the best person in your party to take up the portfolio for the trade. And judging by the responses from the audience, I think the many of them share the same view. And it's so good to see that the Coalition taking the Australia-China relationship seriously and economic relationships, especially. So, thank you very much Kevin for coming.

And to the members of the audience also, thank you so much for coming in on such a cold day. And especially to the members of the public who take a special interest in Australia-China relationships. Just as some of you said, just out of curiosity, just to find out what the hell is going on in the China-Australia space. So, we really appreciate that.

And some of you know that ACRI see one of its key missions is to produce research, evidence-based research that informs the public. So, we would try to do as many of these kind of events is possible. But, if you want to know more about our research, you're welcome to come to visit our website, [australiachina](http://australiachina.org) – ?

Professor James Laurenceson:

relations.org.

Professor Wanning Sun:

Yeah. Yeah. You can also follow us on Twitter, where we actually update our research.

So, yeah. And if you have some feedback and suggestions about how we can run our events and what sort of topics you want us to discuss in the future, do please let us know. And we look forward to seeing you again.

So, thank you very much and good night.