

In conversation with Senator the Hon Simon Birmingham

Speaker: Senator the Hon Simon Birmingham, Australia's Shadow Minister for Foreign Affairs; Leader of the Opposition in the Senate

Moderator: Professor James Laurenceson, Director, UTS:ACRI

October 17 2024

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Professor James Laurenceson:

- The room will know what's going on, but for those joining us online, unfortunately Sydney - there was a major crash on the Harbour Bridge this afternoon, and it's just caused chaos throughout the city.

So, Senator Birmingham, we're glad to have you here. Thank you. Thank you for persisting.

Look, let me just briefly, first of all, just on behalf of everyone present, I would like to acknowledge the Gadigal people of the Eora Nation upon whose ancestral lands we stand. I pay respects to the Elders past and present and acknowledge them as traditional custodians of knowledge for this land.

Welcome to all our members of the audience, joining us in person and online. I particularly note the presence of Gary Cowan, the CEO of the National Foundation for Australia-China Relations, as well as representatives from diplomatic missions across Asia and Europe. Can I very quickly squeeze in a particular welcome also to a number of Chinese students we have joining us tonight based at Australian studies centers in China.

I had the pleasure of meeting a lot of these folks in China and at an event at University of Western Sydney just a couple of weeks ago and it gives me great confidence in the future of the bilateral relationship to know that we have talented, passionate young Chinese students interested in acquiring expertise on Australia.

Right from the outset, can I say thank you to MA Financial; Andrew, thank you so much for the beautiful premises we've been able to use tonight. And I'd also like to acknowledge the support of our other industry partners, King & Wood Mallesons, John Holland Group and also China Construction Bank.

Look, the mission of UTS:ACRI is to inform Australia's engagement with China through research, analysis and dialogue grounded in scholarly rigour. I'm confident we're going to deliver on that mission tonight.

The next Australian federal election is just six months away, perhaps less. And the next hour we have with us the Shadow Minister of Foreign Affairs, Senator the Hon Simon Birmingham, to give us a Coalition perspective on relations with China. Senator Birmingham has held this role for the past three years, and of course, prior

to that he's also had some other China relevant roles, in particular Trade Minister in the Morrison government from 2018 to 2020.

Last month, I had the pleasure of listening to an address Simon – you gave at the Australian China Business Council in Canberra, where the traffic is much better than it is here in Sydney. And it was a very thoughtful address. And so, I hope we all leave tonight very clear on where this Coalition sits on China. And so, if that's relevant to anyone's vote, come next federal election, you'll be well-informed to cast that vote.

The structure of this evening will be that Simon will deliver a few introductory remarks, and then I'll be in conversation with him. And then we'll have some questions from the audience.

Simon, you told the Australia China Business Council last month that ahead of that address your twelve-year-old had asked you whether you were going to talk – now, let me get the quote right, 'Whether you're going to talk about how we like China, dislike China, or want to collaborate with China'. I hope I got your twelve-year-old's words correct. And you assured her that it was the latter. So, I now invite you to the podium, or you can stay there if you'd like, to share with us a few remarks and tell us if you've changed your mind, or if collaboration's still the goal.

Over to you, Simon.

Senator the Hon Simon Birmingham:

Thanks.

Well, James, thank you very much for your welcome. And to you and the team at the Australia-China Relations Institute from University of Technology Sydney. Andrew, to you and your team from MA Financial Group. Thank you for hosting us this evening. And a very big thanks to everyone here for your patience and your resilience in waiting for our arrival. My sincere apologies that one problem was compounded by others, and then compounded further by airlines and by Sydney traffic. And here we all are much later than intended. But I'm thrilled to be able to get here. And to those who may be tuned in online, I hope you've enjoyed a nice drink or meal or something whilst you've been waiting.

James, thank you for the introduction, and, indeed, the referencing of the remarks to the Australia China Business Council. Unsurprisingly, there will be some familiar themes in relation to the remarks I give tonight to those that I said only a few weeks ago to the ACBC, but I'm sure in the conversation that we have to follow, we'll be able to build upon those.

And indeed, you are right to reference that story I told of my twelve-year-old daughter, and the fact that in speaking to her about my address to the ACBC, she had posed that question to me. An insightful question in the sense that clearly the understanding of the challenges, the difficulties in the relationship and the importance equally of the relationship permeates widely in the understanding of many Australians, even into a twelve-year-old who hears the occasional dinnertime conversation, I guess. And as I assured her, it was collaboration at the heart of what we sought. And I said to the ACBC that too much China discussion here in Australia and throughout much of the rest of the world was binary, like those two options that were given to my daughter, or by my daughter at the time. Concepts like like or dislike, love or hate, good or bad, growth, stagnation, peace or war, engage or decouple.

And the truth is so much more sophisticated and requires much more honesty and analysis, resolve and nuance. And, indeed, the work of the various contributors to Australia's foreign policy like the Australia-China Relations Institute helped to create the space for this analysis and nuance to take place. And I thank you James and your team for that work that you undertake.

My childhood saw the last of the Cold War, and at the same time, the beginnings of Deng Xiaoping's reform and opening up. My adolescence saw the collapse of the Berlin Wall and the Tiananmen Square Massacre. My

early professional years were jolted by the terrorism of September 11, but also bore witness to the economic miracle that were the fruits from Deng's new direction, ultimately lifting hundreds of millions out of poverty. Throughout all of that time, the great power of the United States stood tall in a rules-based international system that had been built from the ashes of World War II.

Today, though, we're into a new era of strategic competition, one accompanied by disruption that is challenging the very fundamentals of that international system. In this new era, the United States remains a great power, and the United States will continue to be so. China, too, is a great power, and China too will continue to be so. And scholars and experts increasingly debate between those two great powers and also whether we are entering an era of multipolarity. And that's not to say that third or fourth powers have reached the scale or influence of the United States or of China. But from India to Japan, the EU to the Middle East, or Africa and through many other regions or nations, the scope and influence of those regions and nations matters, and in many cases will increasingly matter. In our own region, the influence of large and growing ASEAN economies are crucial to the pursuit of both regional prosperity and regional stability. And likewise, Australia's influence matters.

In this changed and contested world Australia must collaborate actively and thoughtfully with our traditional powers and partners along with new or emerging powers and partners. We must always do so true to our values and our principles and our national interests, and we must do so confident in our abilities and our resilience. Recently Australia did face the unwarranted attempt at economic coercion via a series of deliberate trade sanctions applied by the Chinese government. As a country in the face of those unacceptable demands, Australia didn't compromise on policies or interests, but demonstrated resolve, and our businesses sought diversification. Now with the overwhelming removal of those attempted coercive trade sanctions, Australia should celebrate the resilience of our economy, our industry, our businesses and people. We did not yield to pressure, and we should be proud of that. And this strength should give us all the resolve to stand by our values and our national interest at all times.

Our approach to international relations with all partners should be both principled and predictable. Whether it's on questions of global or regional security, free trade, human rights, or shared challenges like climate change, other nations should know what Australia stands for. And equally, they should be unsurprised when Australia expresses and acts in accordance with our positions.

Now, of great powers, much should be expected. And when Australia engages with those great powers, they should be in no doubt about what we believe and what we would encourage of them. With China, we seek stable relations with positive engagement in areas of collaboration. The trade between our nations is mutually beneficial to each. And in strengthening both of our economies, it is also good for our region and the broader world. It was harmful to some in each of our countries to live through those interruptions in trade. Those interruptions, which were in breach of the undertakings that we had made to one another, including through the China-Australia Free Trade Agreement, which was delivered by the Coalition in 2015, or the Regional Comprehensive Economic Partnership, which was delivered by the Coalition in 2020.

We unequivocally welcome the restoration of trade consistent with these arrangements. And the Coalition would wish to see that trade relationship and economic relationship grow further. Given China's standing as a great power in our region and the world, it is also natural that we should have expectations of how China as a great power should ideally conduct itself in matters that impact our region and the broader world. That we would encourage respect for the international rules and laws that underpin peace and stability. Ideally, China would respect international rulings on maritime boundaries, and its forces would not engage in acts of aggression or actions that risk miscalculation. Ideally, China would use its influence and relations with other countries like Russia, Iran and North Korea to stem the flow of weapons and funds against Ukraine or destabilisation more generally. Ideally, China's systems would operate with integrity and transparency, whether in matters of cybersecurity or market competitiveness.

Australia's position on issues like these, which impact upon peace and security along with the sovereignty of nations smaller than ourselves, should be of no surprise. We must have the confidence to express these positions along with the wisdom to do so appropriately. As China continues its growth, including the rapid growth of its nuclear armed military capabilities, it becomes more important than ever that this great power act with great responsibility. Over the last year, we have welcomed China's Foreign Minister, Wang Yi, and then Premier Li Qiang to Australia. The Coalition has been pleased to have private meetings with both, and I, again, thank China's representatives for this courtesy. These meetings have been both friendly and frank exchanges addressing topics of shared ambition along with matters of great concern. And we welcome China's decision to have restored ministerial-level dialogue and its engagement with our democratic system as evidenced through meetings with the opposition. It was counterproductive of them to have gone through a period of choosing to cease it.

And our desire is to see that dialogue continue and strengthen – strengthen consistent with the undertakings made in the Comprehensive Strategic Partnership agreement between our nations. The CSP signed with China in 2014, again under a previous Coalition government. The ambitions of the CSP should lay the basis for cooperation in many fields that build upon and reach beyond the strength of our trading relationship. Stemming the flow of drugs across our region, cooperatively tackling regional health threats, working to address the challenges of climate change are just some of the areas where we can do more together.

Governments will have differences. Indeed, it is our responsibility to differ when we identify threats to our national interest. Yet in how we differ, we should also take inspiration from how our businesses and peoples manage those differences. Through the difficult times in our trade relations, Australian and Chinese businesses maintained relations so that, for example, China's breweries could quickly welcome back the best malting barley in the world.

No doubt, something similar will now occur with Australian lobsters making their way back in time for the next Chinese New Year. Entities like the Australia-China Relations Institute set an example of positive collaboration amongst people who seek the best of relations between our nations. As I said at the ACBC, and have reflected on elsewhere, one of my favorite moments, the close, was from the recent Paris Olympics, and where there were scenes at the medal presentation for the women's three-meter springboard. Australia's Maddison Keeney had won silver, gold was won by China's Chen Yiwen and bronze by China's Chang Yani.

Rarely have I seen such images of unadulterated joy, enthusiasm, and genuine respect between competitors. I should have asked for a screen just to show a couple of those photos tonight. Indeed, I shared one of the many pictures of the three of them, happily hamming it up for the cameras, making love heart images and the like with Foreign Minister Wong. They competed fiercely as people do at the Olympics, but they played by the rules. They put their differences on display, but they lived up to the Olympic spirit. And in the end, they showed the best of both China and Australia. For all the challenges we face, in its own small way may their example be an inspiration to us all.

Thank you very much for the work that you all do, for being here tonight, and I look forward to the conversation to come.

Professor James Laurenceson:

I am sure it was a great relief to China's beer drinkers to get the Australian barley back. With Tsingtao beer made with barley not from Australia, it just wouldn't have tasted as good.

Look, Simon, can I start with a question about the context in which the Australia-China relationship operates in, first, the regional environment? And you referenced it in your speech just now, but let's unpack it a bit. For many decades, the region was characterised by US primacy. The US was the unipolar leader.

Last year, Foreign Minister Penny Wong said very explicitly that that's all changed. We now exist in a multipolar region. And that's what you referenced. She said that while the US remained an indispensable power, 'the

nature of that indispensability has changed. Rather than being the unipolar leader, the US is now central to balancing a multipolar region.'

Can I just get you speaking explicitly on this point: Do you agree with Foreign Minister Wong that the era of US primacy is over? Not prominence, but primacy.

Senator the Hon Simon Birmingham:

James, I read some of, or at least skimmed over – I need to go back and properly read to do a due credit – but skimmed over some of your recent work looking at the paradigms of realism and liberalism and thinking about how they influence our approach to foreign policy. And I think in addressing this question in some ways the two come together. There is a realism in the enormous growth economically that our region has seen, being the driving powerhouse of global growth in recent decades. And with that realism of course comes a huge change in balance, and it's continuing in terms of the trajectory. And of course, that growth is driven in many ways through the liberalism of markets, the opening up that has occurred and Australia, core equity and benefit for us, is maintaining and keeping those open markets.

And if we look to the projections of future growth, from India, from the subcontinent, from other countries in our region, clearly that is going to continue to tilt and to challenge the balance as to how it occurs, and hence the debate about the type of world, whether indeed we have two great powers, a multipolar existence or precisely how that is going to evolve.

But there is no doubt, as I said, that the US remains, will remain a great power, and a great power yielding vast economic influence and vast military and security influence. And clearly our role working in terms of the type of deterrence framework that the US seeks to pursue in an integrated way across the region is critical to ensuring a strategic balance and a deterrence that we hope can underpin the type of peace and stability that certainly we and our US partners and I believe the region generally all wishes to see.

Professor James Laurenceson:

So, we have moved on from that unipolar moment and we are in a more multipolar system now, the region?

Senator the Hon Simon Birmingham:

Well, we have achieved what all set out to achieve, in some ways, which of course is to rise the tide and lift all boats of prosperity and growth across the region.

Professor James Laurenceson:

Okay, a quick follow up. So, can we really secure Australia's interests in your view without US primacy? I'm not deliberately being provocative. Or perhaps phrased a bit differently, should we be trying to do whatever we can to restore or retain US primacy?

I noted a contribution last month from Mike Pezzullo, the long-time, former Secretary of the Department of Home Affairs. He wrote, let me quote it here, he wrote, 'Absent US strategic primacy, there is no credible counterbalance to China. The choice is therefore a binary one, being in partnership with an engaged and regionally dominant US' – they're not a US on par, but a regionally dominant US – 'or taking our chances with China.' So, for Pezzullo, it sounds as if Penny Wong's goal of aiming at a regional strategic balance is a bit naive. We need US strategic primacy, in his words.

Does Australia need to face up to the strategic challenge that China presents and go all in with the goal of trying to preserve or restore US primacy?

Senator the Hon Simon Birmingham:

I think it – clearly, we can indeed get focused in on the precise words around primacy and then of course what one means by primacy. Is that primacy in terms of the values and systems across the region, market economic trading, rules-based sovereignty respected, those factors? Is it the primacy of economic might, the primacy of military might of an individual nation? How do you see that? I think critically for Australia's future, it lies in the first one, which is the primacy of the type of systems and rules that have been driven and shaped by the United States and require the continued significant engagement of the United States to maintain their primacy. And that those systems that reflect Australia, our open market, liberal trading economy and liberal democracy, our respect for international rules and systems, our regard for the sovereignty of each nation within our region, and expectation that that should be respected by one another, these are the things that have built up under that US primacy.

Demand continues US engagement to ensure the primacy of the systems that can actually protect all of our interests across the region. And it is looking at those outcomes and in the framing of your writings there about realism, I suspect it's questions like the one you posed that have often led politicians like me to respond and say we have to deal with the world as it really is, and that is what we have to deal with in terms of our region, and that we will see different players seek to exert their role. Clearly the work our government did previously in re-establishing the Quad for example, was important, critical in terms of how we preserve the primacy of those interests that I just spoke about. And it was done not by saying it is solely about the US, but by recognising US centrality alongside the role of partners like India and Japan in relation to the Quad and is in other models of engagement that we would continually seek to pursue.

Professor James Laurenceson:

That to me sounds a lot like Penny Wong's position that we certainly have a keen and overwhelming interest in the nature of the system, but that may not necessarily require US dominance, as Mike Pezzullo says, across every domain, whether that's economic, military. But I certainly recognise that we need that US involvement. Yeah.

One more quick question before we get to nitty-gritty Australia-China questions. I wanted to ask a question about how the discussion of China in Australia often gets framed compared with other regional countries. Let me go to a specific context, Russia-Ukraine. You actually mentioned that in your speech as well. I've often heard it said, and I've seen you say this a couple of times as well, that you hope China would be working to bring an end to that conflict rather than enabling that conflict. Fair enough. You're certainly not alone in that position. I hope so too. But it does strike me that the same charge could be leveled at a whole bunch of other countries in our region.

India, for example. I mean, I checked the other day, and India's imports of Russian oil are running US\$16 billion a quarter. I mean, that's a massive injection of Indian funds into the Russian economy. I saw a *Bloomberg* report last weekend that said India was now Russia's second-largest supplier of restricted technology items behind China. But in the Australian discussion, I rarely hear the sort of language of India enabling Russia's war of aggression against China [sic]. Now, please trust me, I'm not trying to get into cheap what-aboutism here. I understand India isn't doing a lot of things that China's doing. I mean, India's not shining flares or throwing chaff in the engines of Royal Australian Air Force vessels in the Indian Ocean. So, I'm not engaging in that.

But still, when it comes to enabling Russia's war in Ukraine, it does seem to me that there's actually more similarities than differences. You've said that the Coalition government would take a principled approach to China. My question is, would that principled approach extend across the board to other countries such as India? We might also say the US. I mean I don't want to bring Trump into the discussion this early in the conversation, but we could. Will a Coalition stand up, call out those countries as we often see people do with China?

Senator the Hon Simon Birmingham:

It is important in terms of when we espouse our principles, our views, that we are as consistent as possible. Again, there is a realism that is attached indeed to the competing interests that apply everywhere. But absolutely, is the reality of India's continued trade with Russia a point of concern and a point that could be better leveraged? Yes, it is. And would we wish to see India try to exert what influence it could to bring an end to that conflict? Of course we would. Is India in the same league as China in that regard? No, I wouldn't contend that it is. It's significant. But China is the one who declared the 'no limits friendship' with Russia and did so very much in the immediate aftermath and shadow of the declaration of that conflict and commencement of it. And China's role throughout appears to have only continued to provide scope for the enablement of Russia to continue it, not just financially, but clearly in different ways through which technology or support, be it through North Korea or Iran, is providing other military capabilities.

And so, yes, there's a need for as much consistency as, in the real world, can be applied. There is also a reality there of recognising that China is a standout amongst the two great powers now of our time. India has power and agency. Russia has power and agency, many others do too. But let's not move them into the sphere of what China's role is in this and other frames.

Professor James Laurenceson:

Okay, that's fair enough. That's fair enough.

All right, let's get into the bilateral relationship specifically. You referenced tonight Australia's Comprehensive Strategic Partnership, as you said, signed by an Abbott Coalition government with Beijing in 2014. You said, 'The ambitions of the Comprehensive Strategic Partnership should lay the basis for our cooperation in many fields beyond the strength of our trading relationship.' So doubling down on the Comprehensive Strategic Partnership architecture and a broader relationship with China beyond just transactional trade, others take a different view.

In 2020, for example, Peter Varghese, who was the secretary of DFAT at the time the Comprehensive Strategic Partnership was signed, he wrote, let me quote him, he wrote that we should 'Quietly abandon the notion that we can have a Comprehensive Strategic Partnership with China as long as it remains a one-party authoritarian state. Such a partnership assumes an alignment of strategic interests, which simply does not currently exist.' Now Peter Varghese is not a China hawk.

Senator the Hon Simon Birmingham:

He's not Mike Pezzullo, no.

Professor James Laurenceson:

No. Indeed. But it sounds to me that this is not a view you share. It's the 10th year, on the 17th of November this year, of the Comprehensive Strategic Partnership. So, my question for you is what exactly in your mind is the value of the ongoing utility of that Comprehensive Strategic Partnership?

Senator the Hon Simon Birmingham:

So CSP provides useful frameworks for us to have formal dialogue and engagement. Can we expect that out of it it provides for comprehensive strategic alignment? Clearly not, and nor do most of the CSPs that we have or would sign with other countries. But it provides for us to find those areas where we can focus on the shared partnership and where that is in the strategic interest of both nations and of the region. And it does, within some of the practical elements of it, provide for, as I say, the structures to economic meetings, dialogue between governments, and an underpinning there that can give us the environment to advance the issues that we should seek to cooperate on. And I referenced a few in the remarks there about regional health challenges

or regional environmental challenges, drug smuggling or the like and trafficking. But also give scope for us to work through the difficult issues too in terms of the structured dialogue that the CSP provides for.

And it's why I've been so consistently critical of the cessation of ministerial-level dialogue and the breakdown of that dialogue that occurred previously at China's instigation because it's the most counterproductive thing you can do, at a point of difficulty, is to cease talking. Because if you cease talking, you're really not going to be able to get the breakthroughs to work through those points of difficulty. And so, I think the CSP does have utility, does have value. But, again, we shouldn't overstate what it is going to achieve or the ambitions of it. After the experience of the last few years, would it be done again now in the same framings that it has today? Probably not. But as we mark its anniversary, we should leverage from it what we can without overpromising or overexpecting of it.

Professor James Laurenceson:

Yeah, I thought your comment that it broadens the relationship beyond trade – and my guess is that that would be very welcomed by many people in this room and online as well. I think of Han Jing over there who directs the Institute for Chinese Arts and Culture at the University of Western Sydney, and those people-to-people exchanges, that's something I know she does a lot of work in. So, I'm an economist, I very comfortably talk about trade, but I'm very conscious that the Australia-China relationship is far more than just iron ore being put on ships going to China and EVs coming back in the other direction.

Senator the Hon Simon Birmingham:

And it is fundamental to, again, if we are to deal with differences, then having the broadest range of areas of possible cooperation, and within those areas of possible cooperation, ensuring that it does facilitate for a deeper understanding of each other and where those differences come from won't resolve all, but does actually help to navigate, challenging terrain.

Professor James Laurenceson:

Yeah, and interestingly, we do a poll, Elena Collinson, our senior researcher at ACRI, she does a poll of Australian public opinion every year. And one thing we consistently find is that when you ask Australians whether they're concerned about China, have worries about China, about two-thirds of Australians say yes. And then if you ask them, do you think we should forge stronger or closer ties with China, guess what? Two-thirds say yes. So that's the attitude I think you are getting at. Even when you've got those differences and challenges, you're actually far better off engaging to deal and manage those.

All right. Okay. So, you probably knew this was going to come up. I want to get to a couple specific questions about the Liberal Party and China. You may or may not have seen a piece I wrote in the *Financial Review* in June on the shift in Peter Dutton and his rhetoric. And I saw Patricia Karvelas followed up this with you a couple of weeks ago as well. Perhaps the most striking example of this was when Peter Dutton was asked on *Radio 2GB* in the lead-up to Chinese Premier Li Qiang's visit –

Senator the Hon Simon Birmingham:

'We'd love to double trade.'

Professor James Laurenceson:

Yeah, that's coming, that's coming, I've got one before then, yes, I've got that in my notes as well. Whether he was 'pro-panda like Albanese'? And Peter Dutton replied that he was 'pro-China'. And the relationship that we have with them. Simon, how should Australians understand this shift?

I mean, look, if I was being a bit cynical, I might think it's about domestic politics. We know that in the Liberal Party's own post-election review, there was a strong message from that review that the Liberal Party had to win back Chinese-Australian voters that they'd lost at the last election. And actually, we know from our own poll at ACRI, even broader public opinion wasn't aligned with that more abrasive approach that the Morrison government took.

So, is it just domestic politics or – it doesn't have to be – or is it more that the position of the Coalition now is that rhetoric and tone are actually part of the substance for managing constructive relations with China?

Senator the Hon Simon Birmingham:

So, James, I think there's a few things, and I do just want to track back in time at least a little there, and reflect on the fact that at the time we were facing the imposition of the trade sanctions that were applied. There was absolutely a congruence of events occurring. It was the era of wolf warrior diplomacy. Australia was not the only country to face trade sanctions and the application of them. And we saw an approach by diplomats from the PRC around the world that was much more aggressive and assertive. And that dial has changed. Not just towards Australia, but across the globe in the time since. And it's a welcome change and it does give scope for the dialogue. It doesn't necessarily denote a change in the long-term strategic interests of President Xi or his government. But it is an important change that does give that scope for engagement and dialogue.

Now, I've sought to try to think about how do you frame the approach. You've heard me say before, and as I did here, around that principled and predictable approach that we don't resile from the defence of Australia's national interests because, of course, that is the job of the Australian government to stand up for our national interests. Those national interests include having the best possible relations we can with China in pursuit of the trade, the other areas of cooperation. And indeed, we would hope, dependent upon how China reciprocates and engages, that that could go to even broader areas of regional cooperation.

The predictable is about the reality that countries, not just China, but countries should be able to anticipate how Australia would respond to different things and what Australia would say because we are principled. And that consistency in those principles and how you articulate and advocate them develops that predictability.

And of course, good diplomatic practice would mean that the engagement, the back channeling, the forewarning adds to that predictability and helps to manage points that could otherwise be of difficulty. And so, I think it is a case that of course tone matters, but circumstances and timing matters too. And they were the most challenging of circumstances and times that were being confronted in and coming through that Covid period. Different time now, hopefully we can all manage the approach in a way befitting the times.

Professor James Laurenceson:

Yeah. Good, good.

I think sometimes I hear the view expressed almost that rhetoric and tone don't matter. It's as if they're not part of the substance. Where I've always been of the view, particularly with managing relations with China, that that's actually a core part of managing constructive relations. So, it sounds as if that's a view you would share?

Senator the Hon Simon Birmingham:

My grandma, who I lived with for much of my childhood, always gave me good lessons about good manners and how you approach things. And so, I think, of course, rhetoric and tone actually go to what in our personal engagements we would call good manners, in engagement between countries we would term good diplomacy. It doesn't steer you away from being clear, firm, consistent. But it is about ensuring that you approach things with the air of either working through difficulties, or if you can't work through the difficulties, being clear about

how best you put them, not set aside, but in a place where you can still pursue the areas of common interest whilst returning to the difficulties as necessary.

Professor James Laurenceson:

Indeed. Okay.

A second question about the Liberal Party. When I look at the Liberal Party, I see a broad church on China, to borrow John Howard's phrase. There are some members of the Coalition who, to me, just seem more ideologically committed to a more hawkish position than others.

Now, one thing that struck me about the Albanese government is how, in my view, how disciplined they have been in talking about relations with China. I mean, from day one it's been very clear that Penny Wong has been running the portfolio, running the show. I mean, Albanese, Miles, Farrell, they comment on China, but they don't stray from Wong's core messaging. And other ministers and backbenchers, you don't see them jumping in injecting random commentary from the sidelines.

My own view is, I think, that's been a not insignificant factor in the ability of the government to stabilise relations. Now, I hope you don't mind me saying this, Simon, but I contrast that a bit with the Morrison government when it looked as if, to me, as if ministers beyond the Ministry of Foreign Affairs as well as some backbenchers felt quite at liberty to interject however they wish.

I've seen glimpses, I don't want to overstate this, but I've seen glimpses of this in the Coalition in opposition. Let me give you one example.

Senator the Hon Simon Birmingham:

[inaudible].

Professor James Laurenceson:

In August last year when the Albanese government struck a deal with Beijing that involved Australia pausing its WTO case against China on barley in return for Beijing essentially committing to remove the tariffs, you and Shadow Trade Minister Kevin Hogan put out a media statement explicitly stating support for the government's approach.

I asked Kevin Hogan about this in March whether he stood by that decision and he said, and I'll quote him, 'I thought it was a very easy decision to support the government in.' Now, in contrast, James Paterson, for example, at the time he was very outspoken in criticising the government's approach, describing it as 'An important concession.' He thought we should engage in a bit of a public shaming of Beijing.

Now, trade policy strikes me as being the purview of the Trade Minister and the Foreign Affairs Minister, not the Minister for Home Affairs. So, my question for you is, as the Foreign Affairs Minister, would you insist on running a tight ship around the China relationship? And if yes, how confident should Australians be that you can pull it off?

Senator the Hon Simon Birmingham:

So, James, I think the first point I'd make there is actually to perhaps challenge you a little on the interpretation of remarks there. The decision to set aside the World Trade Organization dispute was an important concession. I don't disagree with James in that regard. It was an important concession that helped to enable a speedier and faster outcome that Australia wanted to see. And indeed, that was a trade-off given.

Now, the debate can then go as to whether or not that trade-off was correct to give. And in my mind as the trade minister who initiated the WTO dispute, yes, ultimately, you're faced with a practical choice between pursuing it to the ends to get a judgment or achieving an outcome for the national interest of our economy and our exporters. And the pragmatic, practical outcome, of course, was the latter. And I don't disagree with that. But clearly it was a concession and a concession that China wanted to avoid the risk of having a judgment against China and its weaponisation of trade.

And it is why, if I've had a criticism of the Albanese government in relation to its China approach, it is what I've described as a creeping timidity in the language used. And I think this is one of those areas. Where in giving that concession, there was almost an approach taken as if nothing wrong had been done. We're pleased to see the trade sanctions lifted and that's the end of the matter.

I think we do need to be clear the trade sanctions were an abuse of international trade law. They were renegeing of commitments given to Australia. They were an attempt at coercion and punishment. And they were wildly inappropriate. Now, they're in the past. And being in the past, we can be, as I said, proud as a country that we withstood those difficulties and came through it. But we shouldn't be timid about saying what was wrong.

Now, to your question, because you're about to bring me back to that.

Professor James Laurenceson:

I was going to come back to that, you're exactly right, you saw it in my eyes.

Senator the Hon Simon Birmingham:

Indeed. To your question, I would expect and believe that there would be a coordination and consistency in government. Ours are parties that have a little more individual spirit than the Labor Party. And we have that individual spirit because it is at the ethos of liberalism compared with the collective approach of the Labor Party. But there is a recognition by Peter, and across the team under Peter, that there is a need for careful management of sensitive issues, and there is a need for us to apply as much unity as possible. And that within that, how we pursue the objectives are critical for us as a potential government, hopefully in government, and therefore for the national interest too.

Professor James Laurenceson:

All right, good, good. You've convinced me. I'm sure you'll run a tight ship.

Look, last question then I'm going to go to the audience. I'm going to finish off with a question to invite you to make a political point. When it comes to rhetoric and tone and policy positions, it strikes me that there's actually a pretty broad bipartisan political consensus in Australia. I mean, Labor followed on with AUKUS, the Quad, as you mentioned, the Coalition's tone has moderated, so both parties are coming together.

But are there elements of the Albanese government's policy positions that you think have fallen short? I mean, I sometimes hear commentators criticise the Albanese government, for example, not tearing up the lease a Chinese company owns to operate the Port of Darwin. Well, okay, but the Morrison government looked at that and came to the exact same conclusion as the Albanese government. So, that's not a point of policy differences and other examples like that.

I know you've been critical of the Prime Minister, the 'creeping timidity', and also for not directly raising issues with President Xi such as those military encounters, those unsafe and unprofessional naval encounters. But in terms of substantive policy departures, are there any things that Australians should expect under a Coalition government on the China relationship?

Senator the Hon Simon Birmingham:

Thanks, James.

And just to elaborate for a second on, of course, the HMAS Toowoomba incident and the Prime Minister's handling of it. One of the things I look back in retrospect on that instance and the PM's failure, and I'm pretty confident it was failure to raise it with President Xi, although his refusal to actually confirm whether he did or did not compounded in some ways the problem. We spent a couple of weeks with the Prime Minister and the government being dragged back to that subject and that point of difficulty and friction in the relationship.

Whereas if the Prime Minister had A, raised it and B, said to the assembled media, 'Well, of course this is an important point of concern for Australia, I raised it directly with President, you wouldn't expect me to go into the detail of our conversations, but we were upfront and you can have confidence in us,' it wouldn't have taken away from the seriousness of the issue, but as a point of national debate and friction, we wouldn't have been talking about it for days, weeks, or indeed for it to come back each time there is a similar instance.

And so, I think there are actually practical benefits in some ways to how you manage the relationship to ensure that leaders have courage and the principle to move clearly in relation to those sorts of issues.

Now, the Albanese government hasn't, in substance, around FTAs, CSP, investment relationship or otherwise, changed the policy positions that the Coalition put in place. Indeed, arguably it hasn't changed a lot in that sense; that some of the things that were points of tension at the time the trade sanctions were applied, such as the way in which foreign investment arrangements were being tightened in Australia to safeguard critical industries and critical infrastructure, such as the application of frameworks to protect democratic institutions in terms of the foreign interference legislation. These were significant Coalition reforms. I can't think of any that have occurred in the last couple of years. So there isn't something of the Albanese government that I would say we are about to tear up and abandon. Just as, indeed, they have accepted and sought to work with those Coalition pillars of protecting our critical interests as a nation. Now, we will be careful in going forward as to how we build upon those, but do it in the framework of cooperation that I've spoken of, James.

Professor James Laurenceson:

Right. I'm not going to get you to reveal a new policy position towards China tonight. Fair enough.

Look, let's go to our audience. Can I ask one thing straight up, I would love it if a female member of our audience asked the first question because I can tell you, I do these events quite a bit and inevitably 10 men raise their hands. And that's fine. I don't mean to criticise you men. But it's nice to have a bit of diversity.

Yes. Glenda Korporaal from *The Australian*.

Audience question:

[inaudible]

Senator the Hon Simon Birmingham:

Hi Glenda. A microphone coming for everyone else and those online.

Audience member:

What different policies on China would you expect from either party? And how will that change or what will that mean for Australians?

Senator the Hon Simon Birmingham:

Okay. So, Glenda's question was in relation to the US election, what policies we might expect from either party on China and how that would impact the Australian relation, for those who may not have been able to hear.

As is widely accepted, there is a significant bipartisan consensus in Washington around China and the way in which the challenges of China are viewed in Washington. I think equally accepted would be that former President Trump, and potentially future President Trump, has a particular focus himself in terms of the economic relationship, the trade balance, and how he approaches those issues. That said, as we've seen from the way in which the Biden administration has responded in a range of tech sectors and through the IRA, there's been a continuity in that economic space. And whilst the Biden administration may have been the US authors of AUKUS, there is no shortage of Republican views in the security landscape that look very particularly at this region. And if you look, for example, at JD Vance and his language to explain why he believes too much is being given to Ukraine, it is usually explained in the terms of because we might need it in the Indo-Pacific and that we don't want to detract from the resources that we have available there.

So, I think in terms of the thrust, if we look at what two administrations would look like, as distinct from focusing too intently on President Trump, both have very similar trajectories in terms of economics and security. Now, in the security space, clearly we wish to see the US fully deliver upon AUKUS, and I have confidence of that under either administration. We wish to see the US continue to engage in partnerships across our region through the Quad, but indeed in other strategic partnerships in a security lens that they undertake. And I believe that that can be successfully pursued under either administration.

Economically, I am an unabashed free trader, and I think Australia's interests have been well-served through being an open trading economy. Now, I understand why, in certain sectors, the US sees, as, indeed, increasingly do Europe and others, real concerns about – and I referenced a lack of transparency around market competitiveness that exists in parts of the way the Chinese economy operates. And that, of course, presents a threat to others. And it's why it's not just the US, but why we see Europe, in electric vehicles and potentially other sectors, looking at their imposition of targeted tariffs in relation to those sorts of products. But I think we have to be very clear in our principles, whether it's to countries of our region, to the US or to Europe, about the benefits of maintaining as much openness as possible, and that that will be an important thing for us to contend with, potentially under either administration again.

Obviously, President Trump has particular stated policies on tariffs, which Australia has overcome some in the past and we would have to work hard to try to overcome, potentially, some in the future. The Biden administration has doubled down on a subsidy-driven and interventionist approach without such great use of tariffs, but all are sharing the same objective and, in some ways, all present the same risk if it becomes a global trend that re-erects many of the protectionist barriers that we've spent the last few decades eliminating for the benefit of our economy and that of our region in the world.

Professor James Laurenceson:

Yeah. And credit to you, Simon. Because I remember in February 2018, when Trump started the trade war, you were actually quite outspoken in saying that the Australian government, in which you were the trade minister, did not support those unilateral tariffs. And I think Don Farrell has made similar remarks in the context of the Biden administration's policies.

All right, happy to go to another question now. Gentlemen, don't feel shy. I didn't mean to shame you before. That wasn't my intention.

Sure, let's go down the front. Yeah. Maybe we'll just wait for a mic.

Audience question:

Yes. [inaudible] Australia. We run a [inaudible] project here in Australia. I got two questions.

Professor James Laurenceson:

Can you do one?

Audience member:

Two –

Professor James Laurenceson:

Oh, two. Okay, related. Sure.

Audience member:

First question is that Australia obviously agreed to a mutual plan, and then do you see, because actually the Coalition established that priority, we are on track the first steps of that [inaudible] the first steps of that. Okay, that's the first question. The other thing is that to realise that opposition plan [inaudible]. Thank you very much.

Senator the Hon Simon Birmingham:

Thanks.

Professor James Laurenceson:

Can we focus you on the second one, Simon?

Senator the Hon Simon Birmingham:

Yep, sure.

Professor James Laurenceson:

Because I see that first one could go on for a very long time.

Senator the Hon Simon Birmingham:

Sorry. We are committed to net-zero by 2050 and indeed much of the election debate to come, we'll obviously have a focus around competing views of zero-emissions technology in the energy space, the nuclear policy that we have announced, and that further details will be provided before the election versus the government's trajectory, where we have genuine concerns that would not actually reach net-zero and would incur significant costs for industry along the way. But renewables play a key role alongside nuclear. They must and they will, and we would want to see that occur. And Chinese renewable energy technology is a big part of that and continues to be a big part of that.

How and when it exists in our grid becomes an important element in relation to ensuring that the type of legislation and frameworks I was talking about before around protecting critical infrastructure in Australia is adhered and applied to. So obviously, this is part of the tension, and countries around the world are increasingly grappling with it, that what used to just be energy generators is now integrated energy and communications technologies, and how you navigate that to ensure that you, as a country, still have absolute confidence in your own ability to control your own energy grid. Who necessarily owns, invests, provides the

technology in and of itself doesn't matter as long as, as a country, you can manage to guarantee that you have the security over that grid and can manage any risks within it. And that is the critical balancing act that is going to sit alongside different types of technology going forward.

Professor James Laurenceson:

Yeah. Well, look, within that, I mean, it sounds to me as if there is scope for some creative diplomacy and hard work to perhaps allow some Chinese participation. Just speaking as an economist, it's going to be very hard for Australia to contribute to global resilient supply chains if we're not producing anything, and one of the surest ways we could produce stuff is if we operate with the best technology. Particularly in a high-cost business environment like Australia, we know that in the renewable space –

Senator the Hon Simon Birmingham:

It goes very much to integration. Are we talking about solar panels that are, literally, solar panels without embedded communications technologies and other factors? Well, indeed, there's a fairly ripe argument happening at present about why would we be spending \$1 billion of taxpayer money subsidising an attempt to establish competing industry in Australia in that sector when we are seeing cost-effective product coming in largely from China. But when it is integrated, and with significant potential reach into the transmission architecture of systems, and doing so through enabling communications technologies, that is where there are real risks that have to be assessed.

Professor James Laurenceson:

Yeah. Look, I think we kicked off at seven o'clock, so I think we'd better wrap it up there.

I'm sorry we didn't have more time for questions and answers. Let me now hand it over to Andrew Martin, who runs the show here at MA Financial, for a vote of thanks. Over to you, Andrew.

Mr Andrew Martin:

I wouldn't say I run the show, but nevertheless, I contribute to the show. But James, thank you. Senator, thank you very much.

As James said, my name's Andrew Martin. I run the asset management business here at MA. We're privileged at MA to have hosted tonight's event. As many of you know, we at MA are deeply committed and invested in the China market. This commitment is both in-country, we have executives and offices in Beijing, Shanghai, Shenzhen, Hong Kong, but, of course, locally we're committed to the Australian-Chinese community, like good folk in the political arena. After all, Australians with Chinese heritage make up 11 percent of Sydney's population, 8.3 percent out of the Melbourne population.

As part of our commitment to China business, MA is a long-term and proud corporate supporter of ACRI, and we acknowledge and appreciate your work, James, which is outstanding.

Senator, on behalf of the attendees tonight, thank you for your frank views. Thank you for your insights on the Australia-China relationship. Of course, we're all delighted with the ongoing stabilisation and the improvement in the relationship. Senator, we would like to thank you personally for your contribution to that stabilisation and improvement. It's not just the government of the day, but the voice of the opposition particularly is very important. So many of your observations tonight, and indeed recent times in similar forums, are so, so important. I'm sure that everyone in the room today will agree with you that the past megaphone diplomacy was counterproductive and hopefully consigned to history, that in the future, I think you've remarked, the better approach is to ensure that China is not blindsided by public criticisms. I think you've stressed that the lines of communication must remain open, so there are no surprises, that we must be predictable and

transparent. We agree that the influence of the large and growing Asian economies are critical to the pursuit of regional prosperity and regional stability, and that Australia must remain true to our values, principles, and interests. And above all, we all agree that Australia's approach to international relations must be principled and predictable.

I love your Paris Olympic analogy. I've already quoted you on a couple of instances, but it's really at the core, and to hear you say to let the example of those athletes be an inspiration to us all, you couldn't have said it better. So really, ladies and gentlemen, please join me in thanking the senator for joining us tonight.

Senator the Hon Simon Birmingham:

Thank you, everyone, and thank you again for your patience in being here so late.