



Australia-China relations summary

February 2018 edition

Elena Collinson

The latest developments in Australia-China relations in February 2018.

China 'threat'

Prime Minister Turnbull travelled to the US on February 21 for a three-day visit to Washington 'accompanied by the [largest](#) Australian political and business delegation ever to visit the US'. His trip occurred against the backdrop of last month's release of the US' National Defense Strategy which identified China and Russia as top threats to the US, shifting the focus from terrorism for the first time in nearly 20 years.

Prior to his departure the Prime Minister reiterated that Australia took a different position to the US in its assessment of China in a *Sky News* [interview](#), 'We do not see any hostile intent from China...We do not describe China as a threat'. He had previously [asserted](#) in January that '[a]part from North Korea, there is no country in the region that shows any hostile intent towards Australia. We don't see threats from our neighbours in the region.' Foreign Minister Julie Bishop had been more explicit, [stating](#), '[W]e do not see Russia or China posing a military threat to Australia.'

Foreign interference

The Australian Parliamentary Joint Committee on Intelligence and Security are currently reviewing [two bills](#) – the Foreign Influence Transparency Scheme Bill and the National Security Legislation Amendment (Espionage and Foreign interference) Bill – to tackle foreign interference and espionage.

At least 11 submissions with a primary focus on addressing the challenge of interference by the People's Republic of China (PRC) in Australia have been lodged by academics, commentators and Australian-Chinese community groups. While most submissions are broadly supportive of the legislation, some offer qualified support, urging balance in order to avoid potential 'demonisation' of the Australian-Chinese community or 'community scapegoating'.

The Joint Committee will report on these two bills on March 23.

The US is also conducting a [probe](#) into PRC activities in the US that are 'in the gray area of covert influence operations'. In the lead-up to Prime Minister Turnbull's visit to Washington, Senator Marco Rubio, Chair of the Congressional-Executive Commission on China, [called on](#) Australia and the US to work together in a push against PRC influence:

While Australia has been on the frontlines in this fight, Chinese influence operations and ambitions are global in scope, including here in the United States.

Like-minded allies must work together to protect the deeply held values and institutions of democratic societies.

On February 26 the book *Silent Invasion: How China is turning Australia into a puppet state* (Hardie Grant) by Charles Sturt University academic Clive Hamilton was released. The book aims to examine the threads of PRC government interference and influence in government, business, academia and the community at large. The only [review](#) of the book to date notes, 'The tectonic political shifts that have aroused Clive Hamilton's anxieties are real, and there is no avoiding the political questions that they raise. But to deal with them effectively, we need to find ways to formulate legitimate criticisms of China's actions without adding to our all-too-rich library of Asian invasion fantasies.'

South China Sea

On February 9 US President Donald Trump formally endorsed US Pacific Command commander Harry Harris as US Ambassador to Australia.

Admiral Harris has been a vocal proponent of engaging in freedom of navigation operations (FONOPs) in response to Beijing's land reclamation and militarisation in the South China Sea, and has encouraged Australia to do the same. In December 2016 he said in a [speech](#) in Sydney, 'Should others signal in this way in freedom of navigation operations? I think so'. On February 14 he [told](#) the US House Committee on Armed Services, 'We continue to do freedom of navigation operations...And we're encouraging our friends, allies and partners to do the same.' Admiral Harris is expected to be confirmed by the US Senate without issue, and has been welcomed by both sides of Australian politics.

During a press conference with Prime Minister Turnbull on February 24 President Trump [called](#) on Australia to join FONOPs with the US: 'We would love to have Australia involved [in freedom of navigation operations with the US Navy]'. The White House then released a [statement](#) which said both leaders had 'expressed serious concerns about the situation in the South China Sea'.

When asked in a subsequent doorstep interview whether Australia would 'become involved in freedom of navigation missions in the South China Sea', the Prime Minister left the door open to participating [stating](#), 'We do not speculate on operational matters'. *The Australian* had previously [reported](#) the government was 'giving intense consideration to conducting an independent [FONOP]'.

On February 27 Foreign Minister Bishop [indicated](#) that Australia would reserve judgement about conducting FONOPs, with any such decision predicated on the Australian national interest:

The United States has a global FONOPs program. Australia does not. We complement each other but it doesn't mean we align with each other on every aspect.

If we decide that we need to undertake more exercises in the South China Sea then we'll do it. But it's not for other countries to dictate to Australia and they don't.

North Korea

During his US visit, Prime Minister Turnbull expressed support for the US' [introduction](#) of new [sanctions](#) against North Korea, including the interception of vessels transferring contraband to North Korean ships. Some of the 28 identified craft are located or registered in China. When [asked](#) whether the Australian navy would participate in interceptions, the Prime Minister did not make a commitment either way.

Chinese international students in Australia

On February 14 the Chinese embassy and consulates in Australia [posted](#) statements on their websites warning Chinese international students to ‘be vigilant’ in the wake of ‘numerous incidents of attacks on the persons and property of Chinese students’ ([translation](#) via China Matters). The notice was also published on the Chinese Ministry of Education’s ‘study abroad alerts’. This followed on from [similar](#) warnings published in December.

While warnings by the Sydney consulate and state broadcaster China Central Television about Chinese student safety in [2012](#) did not seem to have significant impact on student enrolments (with enrolments [increasing](#) in 2013) the sustained nature of this particular campaign could result in a different story.

The Australian has [reported](#), for example, that more than 20 Chinese school visits to NSW had been cancelled and that meetings between senior Australian and Chinese education figures had been ‘postponed’.

Removal of presidential term limits

In response to the Chinese Communist Party’s move to abolish the requirement in the constitution that presidents and vice presidents serve no more than two consecutive terms, Julie Bishop [said](#):

It’s a constitutional issue for the people of China. President Xi is a very effective leader of China, but the details of this constitution and any changes to the constitution are a matter for China.

Huawei

The heads of the National Security Agency and the Department of Homeland Security discussed with Prime Minister Turnbull during his US visit concerns about Huawei’s possible involvement with Australia’s planned 5G mobile phone network, pointing to potential security risks. The *Australian Financial Review* [quoted](#) a source present at the meeting saying that the topic was one of the ‘top two’ on the meeting’s agenda.

Huawei’s involvement in Australia’s 5G network will hinge on a national security assessment carried out by the Critical Infrastructure Centre.

Belt and Road Initiative (BRI)

A US official told the *Australian Financial Review* on February 18 that the ‘Quad’ nations – Australia, the US, Japan and India – are in talks to develop an [‘alternative’](#) regional infrastructure scheme to the BRI:

No one is saying China should not build infrastructure. China might build a port which, on its own is not economically viable. We could make it economically viable by building a road or rail line linking that port.

The plan, however, wasn’t ‘ripe enough to be announced’ during Prime Minister Turnbull’s US visit.

British Minister of State for Asia and the Pacific, Mark Field expressed support for British and Australian involvement in the BRI in [comments](#) to *The Australian* on February 21:

In my heart I understand some of the concerns that have been raised about this issue but it does strike me that one of the most effective way we could play a part in assuaging these concerns is for other countries to have an involvement in that process.

Some of the expertise that the UK and indeed Australia has to add to Belt and Road can go some way to ensuring that some of the bigger concerns about what Belt and Road might mean in geopolitical terms can be assuaged.

UK Prime Minister Theresa May has [said](#) Britain is a 'natural partner' for the BRI but has declined to formally endorse the initiative.

During his US visit, Prime Minister Turnbull [signed](#) a memorandum of understanding (MOU) with the US to work together 'to support infrastructure investment' in Australia, the US and the Indo-Pacific region.

This seems to stand in contrast to his previously articulated approach to Australia and MOUs. When [asked](#) about the BRI on October 23, he said:

[W]e prefer to focus on specifics, on specific projects and investments...rather than engaging in generalities.

Trade

By James Laurenceson, ACRI Deputy Director

The latest trade data shows goods exports to China finished 2017 worth \$99.6 billion. This was up 22 percent on a year earlier. All major categories experienced significant increase – mining (up 20.8 percent), non-mining (up 24.8 percent), including foods and beverages leaping 37.4 percent. As of June 2017, services exports to China stood at \$14.7 billion and by the end of 2017, both Chinese tourist arrivals and commencing students were still growing at double-digit rates. The one caveat to all of this positivity is that anecdotal evidence suggests tensions in the diplomatic realm might be starting to spill over into the economic. Some sources have reported forward indicators for Chinese tourists and students to be softening and while the China-Australia Free Trade Agreement commits both countries to a review process within three years, there's little evidence that this is happening, or at least that any significant advances are being made.

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