

Sino-Australian ties on the mend despite challenges

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March 12 2023

Note: This article appeared in *China Daily (Hong Kong)* on March 12 2023.

For much of the past year, Australia-China and US-China relations have been on strikingly different trajectories.

While Sino-US ties continued to spiral downwards, since May 2022 Australia's relations with China have stabilized, and have, in fact, appeared headed upwards.

There is a temptation to see improved Australia-China relations as a temporary blip before divergent strategic preferences in Canberra and Beijing inevitably turn ties negative once more. After all, Australia remains a staunch US security ally.

But there is no such inevitability.

Of course Canberra and Beijing still have significant differences, particularly around the role the US should play in the regional order, and these mean that bilateral relations will never be smooth sailing.

These do not mean, however, that Australia-China relations cannot chart their own course.

Several recent episodes make the point.

First, in August last year, then Speaker of the US House of Representatives Nancy Pelosi visited Taiwan, triggering a sharp rise in antagonism between Beijing and Washington.

Yet the immediate response of Australia's foreign minister, Penny Wong, was not to offer full-throated support for Pelosi's visit. Rather, she called for 'all parties' to de-escalate tensions and reiterated that Australia remains committed to its One China Policy.

A delegation of Australian parliamentarians subsequently travelled to Taiwan but government ministers did not participate, nor did they seek to draw attention to it.

Second, even as the US seeks to contain China, Wong travelled to Washington last December to deliver the message that Australia remained convinced that its national interest was served by 'being at every table where economic integration in Asia is being discussed'. This included the Regional Comprehensive Strategic Partnership, a trade pact of which Australia and China are members, but the US is not.

Earlier this year, the minister told Canberra's other AUKUS partner, London, that Australia sees ongoing economic integration as 'an investment in our security', and that 'stability and prosperity are mutually reinforcing'.

Consistent with this, whereas the US now openly shuns rulings by the World Trade Organization, or WTO, and has driven its appeals body into dysfunction by blocking the appointment of new judges, Australia and China are taking a different tack.

In January, the two nations joined 125 other WTO members in calling for the vacancies on the WTO's appeals body to be filled. Unfortunately, for the umpteenth time, the US rejected the call.

Not to be perturbed, Australia and China have responded by teaming up with 23 other WTO members to instate a makeshift workaround. In specific disputes relating to Chinese tariffs on Australian barley and wine and Australian tariffs on a number of imports from China, the two sides have agreed to submit to this independent legal process.

The third and latest illustration occurred earlier this month when US Secretary of State Antony Blinken postponed a planned visit to Beijing after a Chinese high-altitude balloon strayed into American airspace.

Following this, Wong was asked whether an upcoming visit to China by Australia's trade minister, Don Farrell, should now be 'reconsidered'. While supporting US sovereignty of its airspace, the Australian foreign minister did not entertain the suggestion of cancelling Farrell's trip, saying, 'Look ... we want to stabilize the relationship [with China]'.

There are also sound reasons to assess that the current trajectory of Australia-China relations is more robust than many assume.

Crucially, Australia and China are re-engaging with an awareness and acceptance of their differences, as well as a commitment to focus on their shared interests.

In December, on a visit to Beijing, Wong remarked to Chinese State Councilor Wang Yi that they shared a position that 'we can grow our bilateral relationship and uphold both of our national interests, if both countries navigate our differences wisely'.

In the same vein, China's Ambassador to Australia Xiao Qian acknowledged last month that 'we do have differences... we even have disputes', but added that these can be addressed, 'in a way that will not allow the differences to hijack the overall relationship with our two countries'.

This starting point has allowed a rapid broadening and deepening of senior political dialogue.

To go from an initial get-together of defence ministers last June, the first ministerial-level meeting in more than three years, to a formal meeting of the top leaders of the two nations in November on the sidelines of the G20 summit in Bali, Indonesia, and then to the restart of the annual high-level Australia-China dialogue the next month represented an extraordinary pace of progress in repairing the relations.

Actions are starting to follow dialogue.

After more than two years Australian coal is again making its way through Chinese ports. There have been reports that the lobster trade will re-commence next month. Both sides have also indicated a willingness to seek to resolve disputes currently before the WTO through bilateral discussion.

This will provide a fresh shot in the arm to a trading relationship that, even with the disruptions, still amounted to more than \$220 billion last year, according to Chinese Customs data.

Positive people-to-people engagement is also ramping up following China's decision to relax border controls stemming from the COVID-19 pandemic.

Plenty of challenges still require addressing which may constrain how far any improvement in relations with China can run.

Nonetheless, for the first time in a long time, the Year of the Rabbit is shaping up as one where the bilateral relationship is guided by the principles of mutual respect and mutual benefit.

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