

Australia-China monthly wrap-up

November 2023



Key points:

- **Prime Minister Anthony Albanese travels to the PRC, the first such visit by an Australian prime minister since 2016**, meeting with President Xi Jinping, Premier Li Qiang and National People's Congress Standing Committee Chairman Zhao Leji. Trade Minister Don Farrell and Foreign Minister Penny Wong accompany the Prime Minister on the Beijing and Shanghai legs, respectively, and meet their PRC counterparts. A mutually agreed statement on joint outcomes at the conclusion of the visit outlines areas in which both nations agree to continue or expand engagement
- **Head of the International Liaison Department of the Communist Party of China Liu Jianchao visits Australia, the most senior PRC official to visit since 2017**
- **The PRC Commerce Ministry launches a review of anti-dumping and anti-subsidy tariffs on Australian wine imports.** The Ministry states the review should end before November 30 2024
- **Australian navy personnel are injured by a PRC warship's use of sonar, Beijing denies the assertion**
- **Australia and Tuvalu sign a treaty cementing Australia as the Pacific island nation's primary security partner**
- **The Australian Signals Directorate releases their annual Cyber Threat Report, which identifies the PRC as a major state sponsor of malicious cyber activity** against Australian companies and critical infrastructure
- **The Defence Trade Controls Amendment Bill is introduced to parliament**, extending existing controls in order to regulate the supply of military and dual-use goods and technologies from Australia to foreign persons and entities within Australia, and between entities overseas
- **Defence Minister Richard Marles calls for the strengthening of a collective effort to deter conflict in the Taiwan Strait**, saying, '[W]e cannot be passive bystanders'

Elena Collinson and Corey Lee Bell

The Prime Minister's visit to the PRC

On November 4 to 7, Prime Minister Anthony Albanese travelled to the People's Republic of China (PRC), the first Australian prime ministerial visit since 2016. The visit also came almost 50 years to the day after Gough Whitlam became the first Australian leader to visit the PRC. Trade Minister Don Farrell and Foreign Minister Penny Wong accompanied Mr Albanese on the [Shanghai](#) and Beijing legs of the trip respectively, meeting with their PRC counterparts, Commerce Minister [Wang Wentao](#) and Foreign Minister [Wang Yi](#).

Prior to his departure, the Prime Minister continued – as he had been [doing since the announcement](#) of the visit – to temper expectations about developments immediately resulting from the trip, [saying](#) that 'the visit in itself is a very positive thing'. He described the trip as resulting from the 'measured' and 'patient, calibrated and deliberate approach' his government had towards relations with Beijing.

In Shanghai, Mr Albanese spoke at the sixth China International Import Expo (CIIE)¹ and engaged with Australian business representatives participating in the event. While [underlining](#) the PRC's economic importance to Australia – 'More than one in four of our export dollars is derived from China' – the Prime Minister used his CIIE [speech](#) to highlight the symbiotic nature of the bilateral economic relationship and pointedly stated the two nations 'have prospered thanks to the certainty and stability that is made possible by rules-based trade.' He went on to say:

There is, of course, also an important role for government to play in creating the right conditions for business to innovate and thrive, and helping business take advantage of market opportunities.

We do that by eliminating unnecessary barriers to trade and investment by fostering a level playing field and by working towards inclusive economic growth.

He made the point more forthrightly in a [speech](#) to a lunch reception hosted by Tourism Australia: 'It is in both our countries' interests for any impediments to be removed.'

In Beijing, the Prime Minister was asked during a press conference whether he could trust President Xi Jinping. He [replied](#):

[W]e have different political systems. But the engagement that I've had with China with President Xi have been positive. They have been constructive. He has never said anything to me that has not been done.

During Mr Albanese's meetings with President Xi, Premier Li Qiang and Chairman of the National People's Congress Standing Committee Zhao Leji, the PRC leadership expressed optimism in their forward view of the relationship. President Xi [spoke](#) of 'embracing a new 50 years in China-Australia relations', emphasising that it was important both nations keep their comprehensive strategic partnership 'moving forward', while Chairman of the National People's Congress Zhao Leji [described](#) the relationship as being at 'a new starting point'. Prime Minister Albanese was more circumspect in his rhetoric, [stating](#) that the nations remain in the process of building a 'constructive' relationship.

At the conclusion of the Prime Minister's visit, a [statement on joint outcomes](#) was released. The statement reaffirmed support for the nations' comprehensive strategic partnership, and laid out an agreement to continue or expand engagement in political dialogue; bilateral trade; climate change, energy and environment; people-to-people links; and the facilitation of exchanges.

Mr Albanese [told](#) press that he hoped that the visit might in the future be seen as 'a point where the relationship moved forward... where differences were able to be discussed in a way that didn't define the whole relationship.'

The Prime Minister [met](#) again with President Xi on the sidelines of the APEC summit in San Francisco on November 17. Mr Albanese [said](#) he had extended an invitation to Premier Li to visit Australia in 2024.

Opposition views

Shadow Foreign Minister Simon Birmingham [said](#) at the beginning of the month, '[C]redit where it's due, stabilisation has seen some successes to date in terms of the removal of some of the trade sanctions and of course, the return to Australia of Cheng Lei, which is incredibly welcome.'

He later [added](#), however, that stabilisation 'has been driven in particular by China ceasing the type of wolf warrior tactics that it had deployed over recent years', and while 'stabilisation in the relationship is welcome... we also have to be clear-eyed. It hasn't changed China's broader strategic objectives, and it hasn't changed a number of the concerns that we should have'. The Senator also said that Prime Minister Albanese needed to

¹ Around 250 Australian exhibitors participated in this year's CIIE, a 'record number', according to Trade Minister Farrell. See Don Farrell, 'Visit to Shanghai, China', media release, November 3 2023 <<https://www.trademinister.gov.au/minister/don-farrell/media-release/visit-shanghai-china>>.

‘demonstrate [substance and strength](#) ahead of symbolism or ceremony’ and ‘be [forthright](#) about Australia’s numerous concerns bilaterally, regionally and globally’ during his visit to the PRC.

Head of the International Liaison Department of the Communist Party of China Liu Jianchao’s visit to Australia

Towards the end of the month, the head of the International Liaison Department of the Communist Party of China, Liu Jianchao, travelled to Australia, the most senior PRC official to visit since 2017. He participated in meetings in with Foreign Minister [Wong](#), Trade Minister [Farrell](#), Opposition Leader [Peter Dutton](#) and Shadow Foreign Minister [Birmingham](#), National Party leader [David Littleproud](#) and Department of Foreign Affairs and Trade Secretary [Jan Adams](#).

Mr Liu also delivered a public [address](#) to the Australia-China Relations Institute at the University of Technology Sydney. During the Q&A following the speech, Mr Li highlighted an incremental approach to the improvement of the Australia-PRC relationship: ‘[W]e are not that ambitious after suffering so many years of setback, of difficulties in our bilateral relationship. We need to restore the relationship to its desired state by only a gradual manner.’

The economic relationship overall

Following his meeting with PRC Commerce Minister Wang on November 4, Trade Minister Farrell [told](#) press that ‘all of the indications’ from the meeting were that ‘it’s going to be a very positive outcome’ with respect to the removal of impediments to Australian lobster and beef exports. He [expressed](#) ‘confidence’ that that the impediments to these goods would be removed ‘by Christmas’. The Prime Minister was more circumspect when asked about timeframes for the removal of remaining trade restrictions by Beijing, [saying](#), ‘It’s probably best to allow China to make their announcements when they make them.’

The two trade ministers [met again](#) just over a week later on the sidelines of the APEC summit.

At the beginning of the month, Shadow Foreign Minister Birmingham in a [speech](#) to a United States Studies Centre forum in Sydney stated that ‘the removal by China of their sanctions against should not be seen as a cause for gratitude, but instead, simply as adherence to the agreed terms of the China Australia Free Trade Agreement.’ He said, ‘It is the bare minimum we should expect of one another.’

Wine

On November 30, the PRC Commerce Ministry [launched](#) a review of anti-dumping and anti-subsidy tariffs on Australian wine imports. Beijing had [indicated](#) in October that it would review the duties. [Reports](#) on the Commerce Ministry’s statement on the matter [said](#) the review should end before November 30 2024. [Reports](#) last month [outlined](#) the expectation that the review would take up to five months from its commencement.

Tourism

A [five-year forecast](#) released by Tourism Research Australia expects 1.89 million visitors from the PRC to Australia in 2028, accounting for one in six total international arrivals to Australia.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership

On November 5, PRC Premier Li [underlined](#) that the PRC would continue to ‘actively pursue’ membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

In a [press conference](#) following his meeting with President Xi on November 6, Prime Minister Albanese confirmed that Mr Xi had raised the PRC’s bid to join the CPTPP during their talks. Mr Albanese remained broadly noncommittal about the Australian government’s position on the matter, simply stating that membership ‘needs a unanimous agreement by all of the parties and countries if they are going to get accession to the agreement’.

Around the same time, Shadow Foreign Minister Birmingham outlined the opposition's stance, [saying](#), '[G]iven that bad faith we have seen, we should be clear that we would not be in a position for the foreseeable future to support China joining the CPTPP.' He added: 'We should also be very clear that the high standards of the CPTPP in areas such as how state-owned enterprises are treated and the transparency expected around state owned enterprises, would require clear reform and action by China before any consideration of China becoming an active member of the CPTPP would be needed.'

Indo-Pacific Economic Framework for Prosperity

On November 14, Trade Minister Farrell attended the third Indo-Pacific Economic Framework for Prosperity (IPEF) Ministerial Meeting while in San Francisco.

Member countries of IPEF,² a US-led trade initiative which excludes the PRC, are continuing negotiations towards a trade pillar. This latest meeting saw the [signing](#) a 'first-of-its-kind' supply chain agreement, [concluded](#) in May, and the finalisation of negotiations on a clean economy agreement as well as a fair economy agreement.

Leaders of IPEF member nations, including Prime Minister Albanese, [endorsed](#) the agreements during the [Indo-Pacific Economic Framework Leaders meeting](#) on November 16, and [announced](#) the establishment of a Critical Minerals Dialogue. Mr Albanese said that 'this will mean using our critical minerals to assist the region in transitioning to clean energy and in turn will create diverse, resilient and sustainable supply chains, building Australia's capacity and standing as a renewable energy superpower.'

Critical minerals

On November 5, while in Shanghai, Prime Minister Albanese was asked whether Australia was 'open to any more Chinese investment in critical minerals'. He [replied](#), '[W]e view those issues on a case-by-case basis.'

Later in the month, on the sidelines of the APEC summit, Trade Minister Farrell [told](#) reporters, 'We would not propose any changes in respect to [Chinese investment in critical minerals]. In order to maximise the advantages of our interest, we've always had to have foreign investment. And that's not going to change'. He said, 'We need the investment whether it's the Europeans, whether it's the Japanese, the Koreans, the Singaporeans, the United States or China.'

In substance, however, Australia remains primarily focused on strengthening ties with other, like-minded, nations in the critical minerals sector. This month, Mr Albanese discussed [cooperation](#) in the sector with Canadian Prime Minister Justin Trudeau; [announced](#) a Critical Minerals Dialogue with IPEF member countries 'to strengthen collaboration in critical minerals supply chains and to boost regional competitiveness'; and [underlined](#) at the APEC Economic Leaders' Informal Dialogue the role Australia can play in supply chains in the region given its 'abundance of critical minerals and rare earths'.

Australian navy personnel injured by a PRC warship's use of sonar

On November 18, Deputy Prime Minister and Defence Minister Marles in a [media release](#) stated that Australian navy divers had sustained minor injuries 'likely due to being subjected to... sonar pulses' emitted from a People's Liberation Army Navy (PLA-N) vessel while untangling fishing nets from the HMAS Toowoomba's propellers four days prior. The same media release described the incident as having occurred in Japan's Exclusive Economic Zone, where the Australian ship was 'en route to commence a scheduled port visit.'

Mr Marles noted the Australian government had [expressed](#) 'serious concerns' about the 'unsafe and unprofessional interaction' to Beijing.

² Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Republic of Korea, Singapore, Thailand, the US and Vietnam.

Prime Minister Albanese [termed](#) the incident ‘dangerous’, ‘reckless’ and ‘regrettable’ and [said](#) the government had ‘made very clear to the Chinese... our strong objections to this occurrence’ through ‘all of the appropriate channels in all of the forums that are available to us.’

Mr Albanese [said](#) further that the incident did ‘damage’ to the bilateral relationship and that this had been made ‘very clear’ to Beijing.

Australia’s position was also [conveyed](#) by Foreign Minister Wong and Opposition Leader Dutton in meetings with Liu Jianchao, head of the International Liaison Department of the Communist Party of China, during his visit to Australia in late November.

The PRC Defence Ministry issued a [denial](#) of the incident, stating the Australian government’s remarks were ‘completely inconsistent with the facts’. A Defence Ministry spokesperson [said](#), ‘The Chinese vessel ... kept a safe distance from the Australian vessel and did not conduct any activity that could affect the Australian side’s diving operations.’ A PRC Foreign Ministry spokesperson [said](#), ‘We hope relevant parties will stop making trouble in front of China’s doorsteps’.

Asked by Australian press whether he had raised the incident with President Xi during their meeting in San Francisco, Prime Minister Albanese avoided directly responding by [stating](#) that ‘we’ve raised it very clearly through all of the normal channels.’

Opposition Leader [Dutton](#) and Shadow Foreign Minister [Birmingham criticised](#) the Prime Minister for failing to unequivocally confirm that the incident had indeed been raised with President Xi.

Cyber Threat Report 2022-2023

On November 14, the Australian Signals Directorate released its [Annual Cyber Threat Report 2022-23](#). It identified the PRC as a major state sponsor of malicious cyber activity against Australian companies and critical infrastructure.

Deputy Prime Minister and Defence Minister Marles’ [media release](#) on the report’s publication included a high-level summary which did not mention Beijing directly. In subsequent interviews which addressed Beijing’s role, Mr Marles [opted to steer the conversation](#) towards the involvement of state actors more generally.

Proposed amendments to the Defence Trade Controls Act

On November 30, Mr Marles introduced the [Defence Trade Controls Amendment Bill 2023](#) to parliament. The amendment [proposed](#) extending existing controls in the Defence Trade Controls Act 2012 – which currently regulate the supply of military and dual-use goods and technologies from Australia to foreign nationals and entities overseas – to foreign persons and entities within Australia, and between entities overseas.

The amendment also proposed an exemption to trade of these items with the UK and the US in order to facilitate unhindered technology exchange between AUKUS partners.

Some concerns were expressed within Australia about the impact of the proposed legislation on scientific and technological collaboration with other countries, including the PRC. On November 13, Australian Ambassador to the US Kevin Rudd [said](#) it was ‘going to be harder and harder, as [Australia and the PRC] seek to de-risk their engagements, for... normal scientific collaboration to occur.’

AUKUS

On November 10, the federal government and the state government of South Australia reached [agreement](#) on a land exchange for a new submarine construction yard, allowing for ownership of land parcels to be taken from December 2023.

Former Australian foreign minister Alexander Downer at the end of last month expressed scepticism about domestic production of nuclear submarines, [describing](#) the plan as a ‘fairytale’ and ‘pork-barrelling’. While

he supported the acquisition of nuclear submarines as ‘important to national and... regional security’, he asserted that ‘building them in Australia was way too expensive and it will never happen.’

Deputy Prime Minister and Defence Minister Marles [acknowledged](#) that ‘getting onto the horse of being able to... actually manufacture a nuclear-powered submarine is a massive endeavour’, with Australia facing a ‘huge challenge in terms of workforce’.

On November 29, Mr Marles [announced](#) that the Australian government would fund an additional 4,001 Australian university places in STEM courses through an investment of \$128 million over four years, commencing in 2024.

Regional relationships – Southeast Asian nations

Philippines

On November 25 to 27, Australian and Philippine armed forces [conducted](#) inaugural joint naval and air patrols in the Philippines’ Exclusive Economic Zone. The patrols were one of the commitments of the [strategic partnership](#) that was jointly declared by Prime Minister Albanese and Philippines’ President Ferdinand Marcos Jr in September.

Two PLA Air Force fighter jets [shadowed](#) Philippine aircraft on the second day of these joint patrols.

While Australian government ministers did not comment on the PRC action, Shadow Foreign Minister Birmingham [stated](#), ‘These are dangerous activities in the way the Chinese military operates, and they should be called out.’

Asked about the matter, the PRC Foreign Ministry [said](#) it was ‘unaware of the circumstances’.

Regional relationships – Pacific Island nations

Tuvalu

On November 9, Prime Minister Albanese and Tuvalu’s Prime Minister Kausea Natano [signed](#) the [Falepili Union treaty](#), an agreement covering climate change, security and migration, which ‘elevate[s]’ the Australia-Tuvalu relationship ‘to one which is advanced, integrated and comprehensive’.

One of the terms of the treaty is that Australia is to provide assistance, upon a request from Tuvalu, with respect to ‘a major natural disaster, a public health emergency of international concern; military aggression against Tuvalu’.³

For the operation of the security guarantee, the treaty requires mutual agreement on Tuvalu’s engagement with any other country or entity on security or defence-related matters:

Tuvalu shall mutually agree with Australia any partnership, arrangement or engagement with any other State or entity on security and defence-related matters. Such matters include but are not limited to defence, policing, border protection, cyber security and critical infrastructure, including ports, telecommunications and energy infrastructure.

Asked how the agreement might work in practice if, for example, ‘Tuvalu wanted to access finance from China for a port or a power station’, Foreign Minister Wong avoided directly responding, [stating](#) that ‘in the abstract... the agreement goes to various infrastructure’.

The [Prime Minister](#) and [Foreign Minister](#) repeatedly emphasised throughout the month that the request to enhance the partnership had been made by Tuvalu.

³ Article 4(1) of the Falepili Union treaty provides that ‘Australia shall, in accordance with its international law obligations, international commitments, domestic processes and capacity, and following a request from Tuvalu, provide assistance to Tuvalu in response to: a major natural disaster; a public health emergency of international concern; military aggression against Tuvalu.’

Deputy Prime Minister and Defence Minister Marles [described](#) it as ‘a watershed in our relationship with the Pacific.’ He said that it was ‘the most comprehensive agreement we’ve ever had with a country in the Pacific, arguably the most comprehensive agreement we’ve ever had with another country.’ Senator Wong [labelled](#) it ‘the most important step any Australian government has taken in the Pacific since the independence of Papua New Guinea’.

Within Tuvalu, there was a lack of political consensus on the treaty. Tuvalu’s former prime minister and current opposition leader, Enele Sopoaga, [described](#) the treaty as ‘most alarming’ and asserted that there was no consultation with the broader public, nor was the initiative raised in parliament. He [stated](#) that he would ‘certainly throw [the treaty] away’ if he wins the election in January 2024.

Under the terms of the treaty, Tuvalu has the right to terminate the agreement with 12 months’ notice.

The announcement of the agreement elicited a muted [response](#) from Beijing.

Solomon Islands

On November 8, Australian Federal Police (AFP) [stated](#) that it was sending more than 100 additional personnel to Solomon Islands, joining the 50 already there, to assist the nation in security operations for the Pacific Games. This followed an [announcement](#) by Solomon Islands Prime Minister Manasseh Sogavare at the end of October that the PRC would increase the number of police it would be sending to provide security for the Games.

On November 12, the Australian government [said](#) 350 Australian Defence Force personnel would supplement the AFP deployment.

Quad

In an interview with Indian news channel WION News, Deputy Prime Minister and Defence Minister Marles [noted](#) that there was ‘no talk of changing the membership of the Quad’ to include additional members. He stated that ‘it’s not a piece of defence architecture, and so we don’t intend for it to become that.’

Biden-Xi talks

On November 15, US President Joe Biden and the PRC President Xi participated in [four hours](#) of talks, meeting at the sidelines of the APEC summit. It was the first face-to-face meeting between the two nations’ leaders in about a year.

Prime Minister Albanese [said](#) it was ‘very positive’ that the leaders had been able to meet, noting that he had engaged in ‘discussions with both of the presidents about their meeting and about what might be discussed’ during his recent visits to Washington and Beijing.

The Prime Minister had [acknowledged](#) earlier in the month that the US and the PRC did not ‘need an intermediary’ in order to talk to each other. He also stated that ‘the important thing about Australia’s relationship and something that my government has brought to our international relations, is we say the same thing to the same people in a consistent way.’

Detention of Yang Hengjun

On November 1, Prime Minister Albanese said he had responded to an October 28 [letter](#) from Yang Hengjun’s family, [stating](#) that Dr Yang’s case would continue to be raised and expressing ‘sympathy’ for Dr Yang who had been ‘detained now for a long period of time.’

Shadow Foreign Minister Birmingham [said](#) Dr Yang’s case ‘should be one of the top priorities raised by the Prime Minister on his trip to China’, stating that that Dr Yang was ‘effectively being arbitrarily and indefinitely detained.’ He [said](#) further that Dr Yang’s release was ‘a precondition in the minds... of all Australians for seeing any type of full stabilisation in the Australia-China relationship.’

On November 6, the Prime Minister [confirmed](#) he had raised Dr Yang's case with President Xi during their meeting.

Elena Collinson is head of analysis at the Australia-China Relations Institute, University of Technology Sydney.

Dr Corey Lee Bell is a Project and Research Officer at the Australia-China Relations Institute, University of Technology Sydney.