

Australia-China monthly wrap-up

December 2023



Key points:

- **Prime Minister Anthony Albanese delivers a major foreign policy speech, placing ‘priority on communication over confrontation’** and outlining an approach of ‘patience and perseverance’
- **President Xi Jinping delivers a speech to a closed-door party meeting on diplomacy in Beijing, indicating the further centralisation of decision-making**
- **Beijing lifts its trade-related suspensions on three of Australia’s biggest abattoirs.** Seven remain suspended
- **Trade Minister Don Farrell predicts that all Beijing’s trade sanctions against Australia will be lifted in 2024,** saying lobster is the only product that has not yet been let back into the PRC
- **US Congress passes the National Defense Authorisation Act, authorising the sale of three nuclear-powered submarines to Australia and exempting it from US defence export controls**
- **Australia and Papua New Guinea sign a wide-ranging security agreement, committing both nations to jointly consult in the face of security threats**

Elena Collinson and Corey Lee Bell

The political relationship overall

An outline of Australia’s approach to foreign policy

In a December 19 [speech](#), Prime Minister Anthony Albanese outlined the Australian government’s foreign policy thinking, outlining an approach of ‘patience and perseverance’.

On relations with the People’s Republic of China (PRC) he noted that:

The position we outlined on first coming to government has guided us: co-operate where we can, disagree where we must, and engage in the national interest.

This is a principled and practical way of managing complexity that is delivering benefits for Australia, China and the region.

The Prime Minister emphasised that the Australian government is ‘clear-eyed’ about the PRC, mindful that ‘we remain two nations with very different values and political systems’, and recognises that ‘China does not see itself as a status quo power. It seeks a region and a world that is much more accommodating of its ambitions and its interests.’

Implicitly defending the government against frequent opposition criticisms that it is ‘weak’ on national security, he said that ‘[p]utting a priority on communication over confrontation does not mean choosing the

easy course', adding that 'a focus on rebuilding dialogue... doesn't mean compromising any of Australia's core interests or values. In fact, we use dialogue to advance those interests and articulate those values.'

The Prime Minister also used his speech to emphasise Australian agency, stating that 'our foreign policy is not just a catalogue of things that happen to us'. He said:

What we do and decide cannot be an unconnected set of responses that look no further than the end of the day.

He underlined that Australia's strategic policy was 'anchored in Asia and the Pacific', and that this had been 'a core tenet of Labor defence and foreign policy' since John Curtin. Invoking Paul Keating, he added that 'Australia is seeking our security in Asia, not from it.'

An outline of the PRC's approach to diplomacy

On December 27-28, the Central Conference on Work Relating to Foreign Affairs, a closed-door party meeting on diplomacy, was held in Beijing. A keynote feature of the event was a speech by President Xi Jinping to an audience comprised of Politburo members, senior government officials and diplomats. The last such conference was held in 2018.

A PRC Foreign Ministry [summary](#) of the conference indicated a further centralisation of decision-making in diplomacy, with participants compelled to 'unswervingly uphold the CPC [Communist Party of China] central leadership's ultimate authority over foreign affairs'. This followed the assessment that a core achievement since the 2018 conference was the 'establishment and development of Xi Jinping Thought on Diplomacy'.

While recognising the 'high winds and choppy waters in the external environment', President Xi [stated](#) that the PRC 'faces new strategic opportunities in its development' and that PRC diplomacy 'will enter a new stage where much more can be accomplished.'

Several tenets for PRC diplomacy were raised in the meeting, including endeavouring to hold 'international moral high ground', 'reject all acts of power politics... and vigorously defend our national interests and dignity', and 'leverage our institutional strengths.'

The economic relationship overall

On December 12, Trade Minister Don Farrell [announced](#) that Beijing had lifted trade suspensions, in place since mid-2020, on exports from three of Australia's largest abattoirs. These [include](#) Teys at Naracoorte, Australian Lamb Company at Colac and JBS at Brooklyn. He [described](#) the move as 'another positive step towards the stabilisation of our relationship with China.'

Seven meat export establishments remain suspended.¹ The Trade Minister [stated](#) 'the issues [relating to these establishments] were not the issues that affected those three largest meat abattoirs. They related to the documentation associated with the exports.'

On December 17, Senator Farrell [said](#) that the lifting of all PRC sanctions on Australian commodities in 2024 was not an 'unreasonable prediction.'

He [stated](#) that 'the major product now that has not been let back into China is lobster. I've raised this issue now five times with my Chinese counterpart'.

On PRC tariffs on Australian wine, he [said](#) he was 'very confident' that 'early in the new year', Australia would get 'a favourable result from the Chinese authorities to lift the ban'.

¹ These include Australian Country Choice, Beef City, JBS Dinmore, John Dee, Kilcoy Pastoral, Meramist and Northern Cooperative Meat Company.

AUKUS

AUKUS Defence Ministers Meeting

On December 2, Deputy Prime Minister and Defence Minister Marles participated in the second [AUKUS Defence Ministers Meeting](#) in California with US Defense Secretary Lloyd J. Austin III and UK Defence Secretary Grant Shapps.

The main focus of discussions was Pillar II of AUKUS, which focuses on the development and sharing among AUKUS members of advanced technologies, including artificial intelligence, electronic warfare and quantum technologies.

As part of Pillar II, Mr Marles [announced](#) collaboration with the US and the UK on a Deep-space Advanced Radar Capability to ‘provide 24-hour continuous global and all weather coverage to track and identify objects in deep space, boosting our ability to detect and deter space based threats.’ The Australian site, which is to be installed in a Western Australian site and is expected to be operational by 2026, ‘will integrate with other sites in the United States and the United Kingdom, providing a space domain awareness capability across the AUKUS partnership.’

Other focal points within Pillar II remained in an amorphous state.

The defence ministers were asked in a subsequent [press conference](#) about their ‘top priorities... for improving your military capabilities’ through Pillar II. Deputy Prime Minister and Defence Marles nominated ‘resilient precision targeting’, ‘maritime autonomy’ and ‘decision advantage’ in terms of promptness and the ‘fidelity of information that is there for the decision maker.’ US Secretary Austin did not respond to the question, while UK Secretary Shapps said, ‘I’m excited about all these developments. But I can’t tell you which one in the long run I should be most excited about today.’

Mr Marles also [emphasised](#) the importance of the symbolic value of AUKUS:

There is no showroom where you can go and buy a Virginia-class submarine... it will be the biggest industrial endeavour that we have ever undertaken as a nation. And it is not going to happen overnight. But I tell you what does happen overnight; the fact of that our three countries standing here right now... represents an enormous deterrent effect immediately. It sends a very, very powerful message to the world.

US Congress passes AUKUS submarine and export control exemption legislation

On December 14 (Washington time), the US Congress [passed](#) the National Defense Authorisation Act (NDAA), facilitating the transfer of Virginia-class nuclear-powered submarines to Australia and exempting Australia from US export control licensing requirements. The Act also allows Australian contractors to work in the nuclear enterprise in the US and authorises the maintenance of American flagged nuclear-powered submarines in Australia. Deputy Prime Minister and Defence Minister Marles [flagged](#) plans to start the latter next year.

Under the NDAA, Australia will acquire three nuclear-powered submarines from the US – two currently in service and one off the production line. Australia is scheduled to receive the first submarine in the early 2030s.

The legislation [passed](#) the Congress by 310-118 votes. Opposition was stronger among Republicans (73 votes) compared with Democrats (45).

Prime Minister Albanese [described](#) the passing of legislation as an ‘extraordinary achievement’. He noted the ‘hard work’ that had gone into lobbying members of Congress and Senate, with the prime minister having spoken to ‘over 100 members of Congress face to face or on the phone’.

Mr Marles [said](#) the passage of the legislation ‘create[s] a seamless defence industrial base’ between Australia and the US’.

Questions continue to be raised about US production capacity and the impact constraints may have on delivery times. Mr Marles [said](#) that while he wasn’t concerned about the latter, ‘it is a challenge and we’ve known that all along, which is why we’ll make a contribution to the American industrial base’. Australia will provide funding of \$4 billion to help lift US capacity.

US presidential election and AUKUS

As the US gears up for a presidential election this year, a question increasingly put to the Australian government is what a re-election of Donald Trump might mean for the AUKUS partnership. The Prime Minister and senior ministers have consistently expressed [confidence](#) in bipartisan support for AUKUS. Deputy Prime Minister and Defence Minister Marles [stated](#) that the arrangement ‘transcends politics in each of our countries’.

Uncertainty was expressed in other quarters. Former Chief of the Defence Force Chris Barrie in an [interview](#) with the *Sydney Morning Herald* noted that a Trump presidency could mean a possible end to the submarine deal.

Enabling work at the Submarine Construction Yard

On December 24, the Australian government [announced](#) that enabling work had started at the Submarine Construction Yard in South Australia.

The first Australian-built submarine is expected to be delivered in the early 2040s.

New Zealand and AUKUS

During New Zealand Prime Minister Christopher Luxon’s [visit](#) to Australia, the newly elected leader was asked about New Zealand’s interest in joining the AUKUS pact. He [noted](#) that New Zealand would ‘always have our nuclear free position’, effectively ruling out participation in Pillar I, but expressed interest in exploring what opportunities there might be for New Zealand within Pillar II.

Criticisms of AUKUS within the PRC

AUKUS-related developments continued to be widely covered and the subject of criticism in PRC media outlets.

On December 3, an article in the state tabloid the *Global Times* [said](#) that the purpose of AUKUS is ‘to build a small military clique of hegemony under the excuse of the ‘China threat’, which could lead to a ‘dangerous arms race’. Another article in the same publication [spoke of](#) ‘subversive ambitions’ to ‘subdue the Chinese dragon’ through high-tech means, and stated that ‘dignified peace can only exist in a strategic balance where the US and its allies are propelled to accept the fact that China’s core interests are inviolable.’

On December 4, an opinion piece in *Huanqiu shibao* 环球时报, the Chinese-language version of the *Global Times*, [claimed](#) that AUKUS Pillar II used the prospect of technology transfer as a ‘strategic enticement’ to lure Australia ‘deeper into the pitfall of the United States military adventures against China.’

Later in the month, following the passage of the NDAA, a PRC professor of military strategy at the PLA Rocket Force Command College interviewed on the state-owned China Central Television (CCTV) [said](#) the purpose of the NDAA was to secure Australia’s role as an ‘enforcer’ for ‘serving the United States’ Indo-Pacific strategy.’

South China Sea

On December 9, Philippine authorities [stated](#) that the PRC coast guard deployed water cannons against Philippine resupply vessels near Scarborough Shoal, causing ‘significant damage’ to one of the Philippine

ships. The following day, PRC coast guard vessels again deployed water cannons against Philippine resupply boats near the Second Thomas Shoal, [ramming](#) one [carrying](#) the Philippine Armed Forces Chief of Staff. A spokesperson for the Philippines' National Security Council [called](#) the PRC's actions 'a serious escalation'.

On December 12, Australia's Department of Foreign Affairs and Trade released a [statement](#) which said that the Australian government 'shares the grave concerns of the Philippines government about a pattern of dangerous actions conducted by Chinese vessels against Philippines vessels and crew in the South China Sea'.

Later in the month, the PRC Foreign Ministry [accused](#) Manila of 'provocations', after earlier [asserting](#) that 'the responsibility for the recent emergencies... lies completely with the Philippines'. PRC Foreign Minister Wang Yi in a phone call with Philippine Foreign Secretary Enrique Manalo noted the importance of dialogue but also [stated](#):²

If the Philippines misjudges the situation, insists on going its own way, or even colludes with malicious external forces to continue causing trouble and chaos, China will definitely safeguard its rights in accordance with the law and respond resolutely.

Red Sea warship decision

On December 21, Deputy Prime Minister and Defence Minister Marles [confirmed](#) that the Australian government had decided against deploying a warship or a plane to assist in securing maritime trade through the Red Sea following a US [request](#). Instead, Australia would send six defence force personnel. In explaining the decision, he [stated](#) that 'our strategic focus is our region' and 'to take a major asset and put it in the Middle East is to take a major asset away from what we're doing... in areas like the South China Sea and the East China Sea', pointing to 'a very significant tempo of activity' in these waters.

Prime Minister Albanese [stated](#) that 'This wasn't a request... from the US government to my government. This was a general request to a range of nations for support there'. He [said](#) that 'the US understands the best way for Australia to support this is through diplomatic support and our resources have been prioritised to our region, the Indo-Pacific', citing, in particular, 'freedom of navigation in the South China Sea and the operations that we're conducting as well with the Philippines.'

Asked about a comment piece in the *Global Times* authored by a British-Australian freelance writer which opined that the decision showed that Australia 'has finally stepped out of the US' shadow' and argued that it was 'sensible for Australia to continue distancing itself from the US', Deputy Prime Minister and Defence Minister Marles [replied](#):

[W]hatever is being said there is whatever is being said. But it has absolutely no relationship to the decisions that we make. I mean, we're going to make decisions in Australia's national interest. We're going to make decisions in consultation with our likeminded partners... And I can tell you that our consultations are with a lot of countries, it ain't with China. Our consultations are with the United States first and foremost and with our likeminded partners.

Regional relationships – Pacific Island nations

Papua New Guinea

On December 7, Australia and Papua New Guinea [signed](#) a [bilateral security agreement](#) during a [visit](#) by Prime Minister James Marape to Australia.

The agreement includes a clause to consult and consider a response in the event of 'a security-related development that threatens the sovereignty, peace or stability of either Party, or the Pacific region'.

² See also Fan Fan et al., 'Zhongfang dui Feilvbin fachu mingque jingao' 中方对菲律宾发出明确警告 (The Chinese side serves the Philippines a clear warning), Huanqiu shibao (Global Times), December 22 2023 <<https://baijiahao.baidu.com/s?id=1785935083539773378&wfr>>.

It also ensures that both countries' personnel are given equal status to 'personnel from other countries carrying out similar functions under current or future agreements or arrangements'.

As part of the agreement, Australia committed \$200 million to support Papua New Guinea's domestic security priorities, including the development of a police training centre and an increase in resources for the judiciary.

PRC talks with Pacific Island ministers and delegates on police cooperation

On December 8, Beijing hosted the [Second Ministerial Dialogue on Police Capacity Building and Cooperation between China and Pacific Island countries](#). The dialogue was attended by Pacific Island nation representatives of varying levels of seniority: Ministers from Samoa, Solomon Islands and Tonga, a police chief from Kiribati, an assistant police commissioner from Papua New Guinea, a police inspector from Cook Islands and a Police Service Commission chair from Vanuatu.

No concrete agreement was struck by the participating countries, although in the wake of the meeting, Pacific Minister Pat Conroy [told](#) the ABC he was 'aware' of a police initiative between the PRC and Pacific Island nations being 'in the pipeline'.

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