



Australia-China relations summary

August 2018 edition

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

Ministerial engagement

Then-Foreign Minister Julie Bishop met with PRC Foreign Minister Wang Yi on August 4 on the sidelines of the East Asia Summit Foreign Ministers' Meeting in Singapore.

Following the meeting, the People's Republic of China (PRC) Ministry of Foreign Affairs (MFA) released a [statement](#) which pointedly opened with the line that the Chinese Foreign Minister had 'met at request' with the Australian Foreign Minister. An MFA statement on the ministers' previous meeting on May 22 [led with the same remark](#). A scan of MFA statements on meetings with other foreign ministers indicates the wording is not a matter of routine.

The statement [suggested](#) that the Chinese government view is that it is incumbent on Australia to take the initiative to improve bilateral relations:

It is hoped that the Australian side will meet the Chinese side halfway, take an objective view on China's development, truly regards China's development as an opportunity rather than a threat, and do more things that are conducive to enhancing mutual trust and cooperation between the two sides...

The same statement asserted that Mr Wang reportedly told Ms Bishop, 'The Chinese side has never interfered in the internal affairs of other countries and will never carry out the so-called infiltration in other countries.'

Following the meeting the PRC Foreign Minister [told](#) a press conference:

[W]e hope that Australia can do more that is in the interest of increasing mutual trust between the two countries, and not be groundlessly suspicious.

Ms Bishop later [confirmed](#) Mr Wang's comments were a reference to Australia's foreign interference legislation.

Ms Bishop did not release an official statement on the meeting, nor confirmed the MFA attributing to her in their statement the notion that Australia 'stands ready to take an objective view on China's development and Australia-China relations, and further send a positive signal in this regard'. However, she [told](#) *Sky News* on August 7:

[W]e had a very positive discussion about the Australia-China bilateral relationship. I know that the line that the media pick up might be the negative line, but the whole discussion was very positive... Both Australia and China can do more to strengthen and deepen our relationship.

On August 7 then-Prime Minister Malcolm Turnbull [delivered](#) a speech to the University of New South Wales (UNSW) which seemed to continue the process of softening some of the sharper rhetoric that had been deployed in public treatment of the Australia-China bilateral relationship since early 2017.¹²

This follows on from a conciliatory [speech](#) he made on June 19 to a networking forum in Canberra in which Mr Turnbull made it a point to note he was 'filled with optimism about the relationship'. His speech focused heavily on accentuating people-to-people ties and both countries' commitment to free trade.

In his UNSW speech the Mr Turnbull 'committed to working with China's leaders to advance our Comprehensive Strategic Partnership...along with ChAFTA'.

Mr Turnbull again made it a point to emphasise people-to-people links between the two countries, praising the 'talented and dynamic contribution of Australians of Chinese descent', describing the community as 'a vital thread in the fabric of Australian society'.

In his speech Mr Turnbull, while acknowledging differences between the two countries, focused mostly on outlining areas of mutual interest. He nominated 'tackling the region's energy challenges' and working together, with other countries, on global infrastructure investment. On the latter area he pointed to work by the Asia Development Bank and the Asian Infrastructure Bank as good collaborative examples.

Mr Turnbull stated the Australian government's support for 'an international order based on the rule of law, where might is not right and the sovereignty of all nations is respected by others'. He went on to argue that this was a principle endorsed by President Xi in his address to the Australian parliament in November 2014, and quoted him thus:

The United Nations Charter and the basic norms governing international relations should apply to all countries. With that, countries big or small, strong or weak, rich or poor, are all equal. This means not only equal rights and interests for all countries, but also equality of all countries before international rules.

The Prime Minister in his UNSW speech also appeared to attempt to assuage fears about shifting tectonic plates in global politics:

Rapid change can be unsettling. But it is a big mistake to assume it will inevitably lead to conflict, as Graham Allison theorised with his 'Thucydides trap'. Just as it is a mistake to assume that China will assume, vis a vis the United States, the role of the Soviet Union in the Cold War or for that matter, that the United States and its allies would or should seek to contain China.

1 See Elena Collinson, 'Australia's tilt on China', Australia-China Relations Institute, University of Technology Sydney, July 4 2017 <<http://www.australiachinarelations.org/content/australias-tilt-china>>; Simone van Nieuwenhuizen, 'Australia's tilt on China: An update', Australia-China Relations Institute, University of Technology Sydney, December 13 2017 <<http://www.australiachinarelations.org/content/australias-tilt-china-update>>.

2 See Elena Collinson and Simone van Nieuwenhuizen, 'The beginnings of a new tone on China?', Australia-China Relations Institute, University of Technology Sydney, August 8 2018 <<http://www.australiachinarelations.org/content/beginnings-new-tone-china>>.

On China's rise he said:

Now, will a stronger, richer China have a more confident and assertive voice in world affairs? Of course it will. Will it seek to persuade other countries that its point of view is correct? Will it try to get the best deal it can in trade? Of course it will, like everybody else does.

In the audience for Mr Turnbull's speech were the PRC ambassador to Australia and the PRC consul general in Sydney. On August 8, the day after the Prime Minister's speech, the PRC Foreign Ministry released the following [statement](#):

We have noted and commend these positive remarks by Prime Minister Turnbull in his speech when he talked about China's reform and opening-up, China-Australian relations, and bilateral practical cooperation.

An editorial in the *Sydney Morning Herald* on August 9 [supported](#) the shift in tone by Mr Turnbull. Other media outlets and commentators were broadly supportive, although there was criticism from some quarters such as from former prime minister Kevin Rudd who [described](#) the speech as a 'grovelling mea culpa to Beijing'.

Mr Turnbull was replaced by his administration's Treasurer, Scott Morrison, following a party-room vote on August 24. On Mr Morrison's assumption of the prime ministership a spokesperson for the PRC's MFA congratulated Mr Morrison and [said](#):

China stands ready to work with the new Australian government to move forward bilateral ties along the right track.

New Foreign Minister Marise Payne in an August 27 interview [emphasised](#) foreign policy continuity and consistency in a Morrison government.³

Ms Payne has [indicated](#) she will be meeting with Chinese officials during the UN General Assembly Leaders' Week in September.

Rowan Callick, a journalist at *The Australian* and former China correspondent for the newspaper, [wrote](#) on August 30 that 'Chinese business delegations to Australia that were being delayed have recently started to resume visits.' He observed that '[t]his in part may be an outcome of the conciliatory speech made by Malcolm Turnbull'.

Huawei

In an August 23 [joint press release](#) outlining the Australian government's security directions on the country's 5G network rollout Communications Minister Mitch Fifield and then-Acting Home Affairs Minister Scott Morrison effectively announced the ban of Huawei and ZTE's participation in Australia's 5G network, ending months of speculation. Just over a week before, for example, *The Australian* [reported](#) an 'industry source with knowledge of the process' stating that '[t]here won't be any ban'. Indeed, a Fairfax Media article [said](#) that 'telcos privately admit to being 'surprised' by the decision'.

Under Australia's Telecommunications Sector Security Reforms, which come into effect on September 18, the government may [direct](#) a carrier, carriage service provider or carriage service intermediary 'to do, or not do, a specified thing that is reasonably necessary to protect networks and facilities from national security risks.'

³ For more on the Morrison administration's approach to China, see Elena Collinson, 'The Morrison Government and China', Australia-China Relations Institute, University of Technology Sydney, August 30 2018 <<http://www.australiachinarelations.org/content/morrison-government-and-china>>.

The joint press release [read](#):

The government considers that the involvement of vendors who are likely to be subject to extrajudicial directions from a foreign government that conflict with Australian law, may risk failure by the carrier to adequately protect a 5G network from unauthorised access or interference.

The release carefully did not specify any particular country or company targeted by the government direction.

Shortly after the publication of the release, however, Huawei Australia [announced](#) via Twitter that they had 'been informed by the Govt [sic] that Huawei & ZTE have been banned from providing 5G technology to Australia.' The company's chairman, John Lord, later said he had been informed of the decision shortly before the publication of the release in a [phone call](#) from the secretary of the Department of Communications.

The timing of the release – while public and media attention was fixed on leadership tensions in Canberra – resulted in minimal domestic news coverage of the decision. However, it was swiftly picked up by the PRC, who, through their MFA and their Ministry of Commerce, communicated strong criticism of the ban. An MFA spokesperson [said](#) the PRC was 'gravely concerned' about the decision. The spokesperson went on to say:

The Australian side should know better than citing all sorts of excuses to erect artificial hurdles and enforce discriminatory measures. We urge the Australian side to abandon its ideological bias and level the playing field for Chinese enterprises' operation in Australia.

The PRC's Ministry of Commerce [asserted](#) that the Australian government had made the 'wrong decision'.

On August 24, Huawei released a [statement](#) characterising the decision as 'politically motivated, not the result of a fact-based, transparent, or equitable decision-making process'.

On August 27 then-incoming Foreign Minister, Marise Payne in a *Sky News* interview said that the decision was 'not targeted' at those particular companies, and that it was 'aimed at solely protecting Australia's interests and the protection of Australia's national security'. She [conceded](#), however, that Huawei and ZTE had 'different obligations' and that extrajudicial direction was 'part of the legal system in which [Huawei and ZTE] work' and that that was indeed 'a concern'.

In the same interview, *Sky News* presenter David Speers put to Ms Payne speculation that the decision on 5G had been taken in the National Security Committee of cabinet 10 days before the announcement and that there had been 'some pushback, concern, debate about how it would go down in China'. Minister Payne did not comment on the National Security Committee's deliberations but said it was 'a very well-considered decision over an extended period of time in all of its implications'.

The opposition Australian Labor Party has requested a security briefing from the government on the 5G decision. However, it is unlikely that they would pursue a reversal of the decision were they to win the next election unless the government's decision was at odds with advice received from security agencies. Shadow Minister for Communications Michelle Rowland in the wake of the decision on Huawei [stated](#):

On matters of infrastructure security, Labor will always take the advice of our security agencies.

One journalist has [noted](#) that ‘there has been little focus on the Chinese connections of two other likely 5G participants, Nokia and Ericsson’, pointing out that ‘much of their equipment is manufactured in Chinese factories with state-owned joint venture partners led by Communist Party officials.’

Mr Turnbull during his time as Prime Minister had [reportedly](#) directed the Australian Signals Directorate to conduct a technical analysis to determine whether Huawei could be involved in non-core areas of the 5G network. This analysis had apparently ‘indicated it was indeed possible to make such a distinction’. However, the media release announcing the government’s security directions stated otherwise:

Government has found no combination of technical security controls that sufficiently mitigate the risk. While we are protected as far as possible by current security controls, the new network, with its increased complexity, would render these current protections ineffective in 5G.

Australia, China and the Pacific

A Lowy Institute [project](#) on Pacific aid released this month found that Australia contributed the most aid to the region, and in conjunction with New Zealand contributed more than 50 percent of aid to the region between 2011-2016. The PRC contributed eight percent in the same timeframe. The report found that there was a possibility that the PRC might overtake Australia as the biggest donor to Pacific nations should it follow through on commitments it has articulated but has as yet not provided funding for.

While discussing infrastructure investment in the Pacific in an ABC interview during a visit to Samoa on August 9, Ms Bishop stated, ‘The challenge for all development partners is to ensure investments...don’t impose onerous debt burdens on regional governments’, adding that Australia was supportive of PRC aid to the region.

Ms Bishop has been consistent with this messaging. She had [previously used](#) the same language in January this year, when she stated:

The Australian government welcomes investment in developing nations in the Pacific that supports sustainable economic growth, and which does not impose onerous debt burdens on regional governments

Ms Bishop [announced](#) on August 9 Australia would help fund the construction of a new Legislative Assembly in Samoa, although how much was committed was not disclosed. She also [committed](#) Australia to strengthening the Australia-Pacific Technical College with an additional contribution of \$128 million over four years.

On the same day Ms Bishop in a radio [interview](#) stated that the ABC’s decision to [end shortwave services](#) in the Pacific was ‘not a decision of the Australian government’ and that the government has ‘a media assistance scheme to ensure that radio transmission can continue.’ She said she ‘would certainly encourage the ABC to continue shortwave transmission in the Pacific’. This seemed to be contradicted by an ABC spokesperson’s comments in a December 2016 [exchange](#) with an SBS reporter. The spokesperson said, ‘[T]he government has accepted the rationale for the decision...The government was briefed ahead of the international decision. DFAT understands the rationale behind the move.’

In the face of [calls to cut Australian foreign aid](#) funding and redirect the money to assist farmers during the drought, former Deputy Prime Minister Barnaby Joyce said on August 10 of Australia’s foreign aid:

We need to have support of island nations around us otherwise the Chinese government will just move in there and support them, and then you'll have another type of problem.

On August 28 *The Australian* [reported](#) that the PRC was possibly interested in investing in a 'multi-use' port facility on Manus Island, the strategic positioning of which would be of concern to Australia.

There is, however, no indication that Papua New Guinea is considering awarding a contract to the PRC, nor that any formal talks between the PRC and Papua New Guinea have taken place. *The Australian* quoted a PNG Department of Transport official who stated that the government 'may ask for China's help'.

Senator Concetta Fierravanti-Wells, who resigned as Minister for International development and the Pacific in the lead-up to Malcolm Turnbull's ouster, [said](#) of this potential arrangement:

PNG is our closest neighbour, only a few kilometres away. Australians should justifiably be aware and apprehensive about communist China's growing strategic positioning in our own backyard.

With respect to concerns about the PRC's activity in the Pacific Shadow Defence Minister Richard Marles [said](#) on August 29:

[T]he Pacific have choices and they've had that for a long time, so if we've got concerns about the way the Pacific acts, then actually what we need to be doing is earning the right to be the natural partner of choice in the Pacific. I don't think we can complain about the Pacific looking towards other places, and nor is what China's doing unexpected.

Belt and Road Initiative (BRI)

In his August 7 speech at UNSW Mr Turnbull briefly referenced the BRI:

[W]e look forward to working with China on Belt and Road Initiative projects where, assessing them on their merits, we conclude they're consistent with our objectives, standards and priorities.

While this statement has been [characterised](#) as 'one giant policy concession that cabinet had previously ruled out' by former prime minister Kevin Rudd, it does not, on the face of it, actually seem to mean that 'the government will take part' in the BRI. The statement did, however, strike a slightly warmer note on the initiative than Mr Turnbull's [appraisal](#) of it on October 23 2017:

[A]n agenda is possibly the best way to describe it...and we obviously welcome Chinese investment that meets our foreign investment guidelines. But we prefer to focus on specifics...rather than engaging in generalities.

US Charge d'Affaires James Carouso in early August [touched on](#) the infrastructure investment partnership formed by Australia, the US and Japan, [announced](#) by then-Foreign Minister Bishop on July 31. He stated that while 'China's very effective at going in and saying, 'Just tell us what you want, sign here and we'll get it for you', the trilateral partnership's model was 'more sustainable, more transparent, where everyone knows what the rules are and what the outcomes can be.'

Mr Carouso said:

We believe in our capitalist system. We believe in competition. It's not against Belt and Road. It's competition to Belt and Road.

The PRC appear to be changing gears on their BRI rhetoric in the face of increasingly vocal concerns about the initiative and following Malaysian Prime Minister Mahathir Mohamad [cancelling](#) projects linked to the BRI and warning against 'a new version of colonialism' during a meeting with President Xi Jinping. President Xi on August 27 [told](#) a seminar in Beijing:

The Belt and Road Initiative is an economic cooperation initiative, not a geopolitical or military alliance. It is an open and inclusive process, and not about creating exclusive circles or a China club.

The vice-chairman of the PRC's National Development and Reform Commission, Ning Jizhe, on the same day [said](#):

With some countries still doubtful about the Belt and Road and Chinese companies facing difficulties investing and operating overseas, we need to objectively and rationally view our achievements and challenges. We should not avoid the challenges, nor should we exaggerate our problems ... we need to constantly improve our working methods.

Research cooperation between Australia and the PRC

The bulk of Mr Turnbull's UNSW [speech](#) was dedicated to highlighting the benefits of research cooperation between Australia and China.

This comes against the backdrop of some commentary that had since around June 17 expressed concerns about Australia-China research cooperation⁴ and, more broadly, university and research institute opposition⁵ to some elements of a June 8 Department of Defence [submission](#) recommending an extension of powers in overseeing international research partnerships. This suite of proposed powers includes controlling the supply of all technology to research partners and performing search and seizures without a warrant.

Mr Turnbull termed 'essential' collaboration between Australian and overseas industry and institutions to deriving 'the greatest benefits from academic research'.

He underlined his support for UNSW's collaboration with the PRC via the UNSW Torch Innovation program, which links researchers with PRC companies and the PRC Ministry of Science and Technology. Mr Turnbull as Prime Minister had attended a signing ceremony with Premier Li Keqiang for the program in Beijing in 2016. The Torch program had been one of the initiatives nominated as potentially problematic in [commentary](#) outlining concerns about Australia-China research cooperation.

On August 17 it was [reported](#) that the PRC's largest wind energy company Goldwind had partnered with UNSW to establish Australia's first laboratory dedicated to testing renewable wind technology,

4 See, e.g., Danielle Cave and Brendan Thomas-Noone, 'CSIRO cooperation with Chinese defence contractor should raise questions', United States Studies Centre, June 3 2017 <<https://www.usssc.edu.au/analysis/csiro-cooperation-with-chinese-defence-contractor-should-raise-questions>>; Anders Furze and Louisa Lim, 'Faustian bargain: defence fears over Australian university's \$100m China partnership', The Guardian, September 19 2017 <<https://www.theguardian.com/australia-news/2017/sep/19/faustian-bargain-defence-fears-over-australian-universitys-100m-china-partnership>>; Clive Hamilton and Alex Joske, 'Australian universities are helping China's military surpass the United States', The Sydney Morning Herald, October 27 2017 <<https://www.smh.com.au/world/australian-universities-are-helping-chinas-military-surpass-the-united-states-20171024-gz780x.html>>; Tom Iggulden, 'Australian universities accused of sharing military technology with China', ABC News, December 15 2017 <<http://www.abc.net.au/news/2017-12-15/universities-sharing-military-technology-with-china/9260496>>.

5 See supplementary submissions to the review of the Defence Trade Controls Act 2012 <<http://www.defence.gov.au/publications/reviews/tradecontrols/Submissions.asp>>.

investing \$2 million in funding in the first stage of a memorandum of understanding signed between the organisations earlier this year.

On August 23 UNSW [announced](#) the ‘UNSW-Jiangsu Industrial Technology Research Institute Fund’, an \$8 million investment that will go toward supporting ‘10 major projects in technological innovation undertaken by UNSW researchers and Chinese institutes’.

PRC students in Australia

The *Australian Financial Review*’s Philip Coorey [attributes](#) Mr Turnbull’s speech to UNSW as stemming from meeting with Group of Eight (Go8) representatives who reportedly asked him to ‘make a strong statement attesting to the value and importance of foreign students in Australia’. Indeed, Mr Turnbull’s speech in broad terms, [underlined](#) the importance of international students ‘who, even after they return home, are working on projects that will help deliver benefits to Australia as well.’

Research commissioned by the Go8 released this month [noted](#) that students from the PRC comprised more than one-third of all international student enrolments at Australian universities. And sixty percent of PRC students enrolled in Australian higher education were attending a Go8 university. Go8 chairperson Ian Jacobs in an interview with the *Australian Financial Review* [said](#):

Chinese students, and other students, are an extraordinary stimulus to the economy. Aside from university fees, international students generate jobs in retail, in transport, in tourism and all the related jobs in manufacturing.

But it’s even more important than that. You can multiply that many fold when they go back. These graduates are really well trained, they get great jobs...and they facilitate trade links and other opportunities.

...

The students that were here a longer time ago are creating opportunities for us to have contracts with Chinese businesses.

Mr Turnbull’s UNSW speech came at the same time as reports in US media about the US leadership vocalising concerns about PRC students. *Politico* ran a story about an August 7 dinner hosted by President Trump with corporate executives during which the US President [said](#):

[A]lmost every [PRC] student that comes over to this country is a spy.

The vice-chancellor of the University of South Australia when discussing a proposed merger with the University of Adelaide made it a point to [note](#) that in building their international student market ‘[t]here has to be a diversification away from China.’

PRC-born residents applying for Australian citizenship

On August 17 2018 Fairfax Media reported on Department of Home Affairs citizenship data which [showed](#) that 1559 applications from PRC-born residents were approved during the financial year to date, compared with 6500 approved in 2016-17, and between 8000-9000 in years prior. Application figures remain steady at near 10,000 each year. As the authors of the report point out, ‘approvals would have to escalate at a dramatic rate in the remaining third [of this financial year] to go even close to matching

previous years.’ Approved applications from Indian, South African and British-born residents increased during this same timeframe.

Labor MP Julian Hill described it as an ‘enormous, mysterious drop’ which ‘raises serious questions which the minister must answer’.

The PRC diaspora

The PRC continues on with a concerted effort to cultivate support and exert pressure on the overseas Chinese community. On August 23 in a [speech](#) at a forum in Hong Kong the deputy director of the PRC’s United Front Work Department and head of the Overseas Chinese Affairs Office, Xu Yousheng, called on overseas Chinese to ‘strive to become active promoters of mutual political trust and mutually beneficial relations between China and neighbouring countries’. Mr Xu said:

We hope overseas Chinese can fully utilise the advantages of being familiar with both China and the country they are in.

Earlier this year senior Communist Party official Yu Zhengsheng [told](#) the Chinese People’s Political Consultative Conference, ‘We will deepen solidarity and friendship with...overseas Chinese.’ He called on ‘all the sons and daughters of the Chinese nation to work together for the greater national interests and realisation of the Chinese Dream.’

On August 25 Fairfax Media’s China correspondent Kirsty Needham [reported](#) that former Bank of China official and Sydney resident Lai Mingmin’s family had been pressured by officials from the PRC’s anti-corruption body, the Central Commission of Discipline Inspection (CCDI), in an effort to secure Mr Lai’s return to the PRC to face corruption and bribery charges.

Mr Lai, a PRC citizen, returned to China earlier this year after having lived in Sydney since 2001. PRC media outlets had [written](#) then that his return had been voluntary. However, Fairfax Media quotes CCDI’s Guangdong office as stating on August 22 that ‘the main leaders of the city’s CCDI personally met with Lai’s wife, persuaded her sentimentally and rationally, explained and publicised national laws and policies’ in April. It said the meeting ‘confirmed her determination to support and co-operate with Lai’s return to China’.

Exercise Kakadu

On July 31 then-Defence Minister Marise Payne [confirmed](#) that the PRC was set to participate for the first time in Exercise Kakadu, Australia’s largest joint maritime exercise, hosted by the Royal Australian Navy biennially since 1993. An invitation had been extended to the PRC by Australia last year.

Ms Payne stated that there were ‘no plans for China to participate in live-fire activities’ but that ‘China is expected to participate in a range of activities including passage exercises, inter-ship communications and replenishment activities, and sea-training manoeuvres.’

She added:

The government is committed to maintaining a long-term constructive relationship with China, founded on shared interests and mutual respect.

Australia and China have built a productive defence relationship that enhances mutual understanding, facilitates transparency and builds trust.

This reflects a different approach to defence engagement with the PRC than that adopted by the US. On May 23 the Pentagon had announced that it had rescinded an invitation to the PRC to participate in the US-hosted Rim of the Pacific (RIMPAC) naval exercises. This was in response to the PRC's May deployment of H-6K bombers to conduct landing drills on Woody Island in the South China Sea. Ms Payne's office at that time [indicated](#) Australia would not be adopting any similar approach:

Australia is not planning any changes to our bilateral defence cooperation with China.

On August 1 then-Foreign Minister Bishop [said](#) Kakadu 'adds to our understanding and adds to our appreciation of the position of each nation'.

The exercise will involve 27 nations, including the US, New Zealand, India, Japan, South Korea, Indonesia, Malaysia and Canada, and is set to take place in mid-September.

Access to the Australian Broadcasting Corporation in China blocked

The ABC reported that their website and apps in China were [rendered inaccessible](#) starting August 22. The website and apps remain blocked at the time of writing. This has been characterised [by some](#) Australian and Chinese observers as a possible tit-for-tat gesture given the decision on Huawei and ZTE. This has been denied by PRC government sources.

In response to the ABC's requests for clarification, the Cyberspace Administration of China had [indicated](#) the outlet had breached the PRC's internet laws, but did not specify which and how.

Asked about the censoring, Prime Minister Morrison [stated](#), 'China's a sovereign country, they make decisions about what happens there'. The Department of Foreign Affairs and Trade noted that it had 'raised this issue with Chinese authorities, and will continue to do so'.

Business concerns

While the go-slow on Australian wine seems to be on the way to being effectively addressed, there are other sectors which seem to still be facing varying levels of success in getting their product into the PRC within a reasonable timeframe. Chinese-owned Australian company Blue Lake Dairy Group which produces baby formula have reportedly been facing delays in receiving approvals from the PRC's food and drug administration. The company's spokesperson [interpreted](#) the delay as 'punishment' stemming from tensions in the Australia-China bilateral relationship, stating:

Australia is a follower of America and that has impacted the Chinese Government's view of Australia. We have suffered from this as well. The problem is how they see Australia's attitude to China.

Trade

By James Laurenceson

As a new leadership team takes the reins of the Australian government, the economic relationship between Australia and China hits yet another record high.

Australia's goods exports to China jumped 2.9 percent this month to hit \$105.4 billion. Both mining and non-mining goods contributed to the positive result for goods, and services exports add a further \$15.8 billion.

A strong domestic economy will be front and centre for the new Prime Minister in the lead up to the federal election due early next year. With China now buying more than \$120 billion of Australian goods and services, the bilateral relationship needs to at least be business-like with the leaders and foreign ministers on constructive speaking terms.

For that reason alone it's hard to imagine the new leadership team allowing things to sink back to the state they were in at the end of last year. Last December when then Prime Minister Turnbull was introducing Australia's new foreign interference laws, he chose to specifically cite 'distributing reports about Chinese influence'. In contrast, when Morrison issued his statement effectively banning Huawei from participating in Australia's 5G rollout, he was at pains not to single out Huawei or China. Clearly he's learnt something.

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