

Trading with the enemy?

By Elisa Barwick

Australia has all but declared China to be Enemy Number One, so it should come as no surprise when trade relations hit a rough patch. Yet the government is refusing to budge from its ongoing escalation against our largest trading partner on behalf of our Anglo-American allies, which have declared China and Russia greater threats to their security than terrorism. ("Who made China and Russia the enemy, and why?", AAS, 26 August.)

China was previously prepared to make allowances regarding accusations of barley dumping or improper labelling of beef exports, but has recently started cracking down on customs breaches on imports such as rock lobster (for heavy-metals testing and COVID-safety protocols) and for grain, barley and timber (for bark beetle inspections). Australian wine is subject to an ongoing anti-dumping investigation, with the China Alcoholic Drinks Association seeking a tariff on some imports. Lower imports of some commodities such as copper and coal are owing to a Chinese buying-spree earlier in the year. Decisions that have halted various other Australian products were made by individual importers, according to the Chinese Foreign Ministry. Despite everything, the *Australian* reported on 9 November that our exports to China in 2020 are the second-highest year ever, with two months still remaining.

Despite Chinese government denials, the Australian media perpetuated rumours that an import ban was planned for a broad spectrum of Australian products beginning Friday 6 November. The ban did not materialise, according to 9 November statements by Trade Minister Simon Birmingham. But even amid the media hysteria about a Chinese black-ban of our exports, according to the 7 November *Sydney Morning Herald* government MPs held the line that Australia must not cave in to "threats" from China and "sacrifice its principles" to fix trade issues. The 5 November *Australian* reported that government officials simply advised exporters to "find other markets", indicating there is no intention on Australia's part to modify its approach to China in order to solve the problem.

The impasse is equally affecting the other side. The *Australian Financial Review* reported 6 November that "traders in China said they had no choice but to look at new markets because of the political risk". A 2 November *SMH* report cited a shop owner at a Beijing market saying Australian lobster was not selling well. "China-Australia relations are not good in recent years. It makes sense that Chinese customs strictly follow the quarantine inspection procedures for goods from an unfriendly country while taking a loosened and speedy approach to the friendly ones", the seafood seller said.

Australia's Seafood Trade Advisory Group has demanded the Morrison government "restore meaningful dialogue and communication with China in order to resolve the disruption to trade", *AFR* reported. It's time *all* Australians let their MPs know they should get off their geopolitical high-horses and treat China as a friend and neighbour.

In a press briefing on 6 November, Chinese Foreign Ministry Spokesperson Wang Wenbin pointed out that "since 2018, more than 10 Chinese investment projects have been rejected by Australia citing ambiguous and unfounded 'national security concerns'. That includes banning Chinese companies from its 5G network-building and putting restrictions in areas like infrastructure, agriculture and animal husbandry. So far Australia has launched as many as 106 anti-dumping and anti-subsidy investigations against Chinese products, while



Chinese Foreign Ministry spokesman Wang Wenbin called on Australia to stop undermining cooperation through its actions; the Australian government is refusing to budge. Photo: AFP/Greg Baker

China only initiated four investigations against Australian goods. Between China and Australia", Wang asked, "which country is breaching the principles of market economy and the bilateral free trade agreement? And which country is renegeing on its commitments, undermining cooperation and taking discriminatory measures? The facts are all too clear."

Wang reiterated that "mutual respect" is the basis for any trade partnership, calling for "Australia to reflect upon their deeds" and pursue initiatives "conducive to mutual trust, cooperation and the China-Australia comprehensive strategic partnership".

The 2020 spiral

Tensions reached boiling point on 19 April 2020 when Australian Foreign Minister Marise Payne called for an inquiry into China's alleged cover-up of the origins of the COVID-19 pandemic. This had followed US Secretary of State Mike Pompeo's demands two days earlier that China "come clean" on the origins of the virus, but the campaign was initiated by the British neoconservative think tank the Henry Jackson Society (HJS) on 5 April. On 14 May, HJS released a report demanding all Five Eyes countries decouple from China. By 23 July Pompeo, in a Nixon Presidential Library speech, was calling for a coalition of "democracies" to surround and isolate China.

In a Sky News interview on 24 May, Pompeo attacked the Belt and Road Initiative (BRI) Memorandum of Understanding the Victorian government of Daniel Andrews had signed with China, threatening the USA would "simply disconnect" Australia from global telecommunications if Victoria embarked upon any projects that "have an adverse impact on our ability to protect ... security networks for our defence and intelligence communities" within the Five Eyes spying bloc. (This intelligence sharing alliance includes the USA, UK, Canada, New Zealand and Australia.)

Australia had in 2018 barred Chinese telecom companies Huawei and ZTE from participation in construction of its 5G network and is now complying with US restrictions on China announced as part of its economic decoupling. A 16 June report by the United States Studies Centre at the University of Sydney, "Tech Wars: US-China Technology Competition and what it means for Australia", detailed that in order to maintain its relationship with the USA, Australia would have to abide by US restrictions on exports to China, limit scientific and technological cooperation, restrict inputs and investment from China and even potentially segregate Chinese staff from other workers in sensitive fields. It described a transformation of the Five Eyes alliance "from a purely geopolitical

arrangement to a geo-economics one as well”.

Treasurer Josh Frydenberg on 6 June initiated a new, regular Five Eyes economic forum. Peter Jennings, Executive Director of the Australian Strategic Policy Institute (ASPI), confirmed at the time who this was aimed at, acknowledging that most “conversations within Five Eyes now are about China”. In a 17 June commentary in the *Sydney Morning Herald*, veteran journalist Brian Toohey warned that the current approach could result in “full-scale economic warfare against China that could easily morph into a full-scale hot war”.

This week the government will table the Australia’s Foreign Relations (State and Territory Arrangements) Bill 2020, which would empower the federal government to overturn existing or prospective agreements between state governments, local councils or universities and foreign governments, which would effectively take a knife to any remaining Australia-China cooperation. The bill was prompted by Victoria signing onto the BRI; Home Affairs Minister Peter Dutton has described China’s flagship cooperation initiative as an instrument of “foreign influence”.

Anything but trust and respect

Add to that picture previous laws specifically introduced to deal with “threats” from China, including the *Espionage and Foreign Interference Act 2018* and *Foreign Influence Transparency Scheme Act 2018*, and the following provocations by Australia towards its biggest trading partner:

- The hysterical reaction to the 29 April press conference in Melbourne at which Health Minister Greg Hunt and mining magnate Andrew Forrest announced the acquisition from China of 10 million COVID-19 test kits and other vital equipment, with the assistance of the Chinese government. Brief remarks by Chinese Consul-General in Melbourne, Mr Zhou Long, invited by Mr Forrest were cast as an “ambush” and “hijacking” of the event.
- The secret dawn raids on 26 June on four Chinese journalists by the Australian Federal Police (AFP) and officers of

the Australian Security Intelligence Organisation (ASIO), as part of ASIO’s investigation of an alleged Chinese “foreign interference” operation centred upon New South Wales Labor MP Shaoquett Moselmane, which ASIO ensured our “free and independent” media didn’t report.

- The targeting, following the US example, of China’s Thousand Talents Program that the media painted as “economic espionage”. The *Australian* published names and photos of numerous academics insinuating they were part of a CPC “economic espionage” program.

- ASPI’s escalation of baseless propaganda about Xinjiang “detention centres”, as a lever to force regime change in China, which is shaping all mainstream media reporting of China worldwide.

- Liberal Senator Eric Abetz singling out Chinese Australians to demand they “unconditionally condemn the Chinese Communist Party dictatorship” in 15 October hearings of the Senate Foreign Affairs, Defence and Trade Reference Committee.

- Aping USA policy changes regarding Hong Kong and the South China Sea.

- Australian participation in formalisation of the Quadrilateral Security Dialogue, a forum comprising the USA, India, Japan and Australia, as part of a strategy “to push back against China in virtually every domain”, as Deputy Secretary of State Stephen Biegun spelled out in August. The USA signed an intelligence-sharing agreement with India on 27 October, which is seen by some as presaging India becoming a “sixth eye” in the Five Eyes. It has also been mooted that Japan join the spy club, which would further surround China. Additionally, Australia is participating for the first time in the Malabar 2020 exercise—navy drills with the USA, India and Japan in the Indian Ocean.

The Australian government is sending China the unequivocal message that it is an enemy and threat; are we really surprised China is talking about taking its business elsewhere?