

# Australia-China monthly wrap-up

April 2020



This edition features:

- Summary and analysis of major developments in April 2020
- Key trade indicators
- Perspectives: 'Race and politics in Australia's COVID-19 responses' by Associate Professor Chengxin Pan

## Elena Collinson and James Laurenceson

Diplomatic tensions in an already strained Australia-China relationship kicked into high gear yet again towards the end of April following Foreign Minister Marise Payne's [call](#) for an independent, international inquiry into the origins and spread of COVID-19. The Foreign Minister noted that transparency from the People's Republic of China (PRC) would be a key factor in conducting an effective investigation.

This push for an inquiry, reiterated by Prime Minister Scott Morrison, has received [bipartisan](#) support.

The PRC government, having made inroads into successfully managing the pandemic at home, have turned their attention to prosecuting an assertive diplomatic strategy overseas in a race to shape the post-pandemic narrative. Any opportunity to rebut assertions deemed anathema to the narrative are swiftly taken up, including in Australia, regardless of the originating source. On April 1, for example, the PRC's consulate in Sydney went toe-to-toe with tabloid newspaper *The Daily Telegraph* taking issue with its reporting on the pandemic, [terming](#) it 'full of ignorance, prejudice and arrogance'. On April 13, the PRC embassy in Australia published a [statement](#) purporting to address 'fallacies' '[spread] by some politicians and media'. A recurring theme in these rebuttals is an attempt to depict Australian manoeuvres as taking their cue directly from the US. On April 21 a PRC embassy spokesperson [said](#), 'These days, certain Australian politicians are keen to parrot what those Americans have asserted and simply follow them in staging political attacks on China'.

While there is general conceptual support in Australia for an inquiry into the pandemic, there has been criticism from some experienced foreign policy hands levelled at the timing and manner in which the call was made. Former senior Australian diplomats, such as [Stephen FitzGerald](#), Australian's first Ambassador to the PRC; [John McCarthy](#), former Australian Ambassador to the US; and [Geoff Raby](#), former Australian Ambassador to the PRC have separately laid out the case for a more diplomatic handling of the push. Former Labor Foreign Minister Bob Carr [noted](#) that Australia might have first made a concerted attempt at closed-door negotiations with the PRC or made some attempt at coalition-building before going public with the call for an inquiry that at the time had 'no clear operational objective'. Former Liberal Foreign Minister Julie Bishop [said](#), 'I think we should scale down the rhetoric', advocating for 'more calm and quiet diplomacy', and saying, 'It would be very wise for there to be some quiet exchanges behind the scenes between Australian diplomats, Chinese diplomats and other like-minded countries'.

Despite pressure from the PRC, Australia has stood firm on its call for an inquiry while purportedly [attempting](#) some behind the scenes conciliation. The PRC, meanwhile, has continued to ramp up the rhetoric, with its Ambassador to Australia, Cheng Jingye, [hinting](#) at the possibility of economic retaliation hitting, in particular, Australia's, beef, wine and education exports. Asked in an interview with an Australian journalist on April 26 whether there could be economic consequences for Australia if they continued to pursue the inquiry, the Ambassador initially demurred. When pressed, he stated that while he didn't think the inquiry would 'make any substantial progress', 'maybe the ordinary people will think why they should drink Australian wine or eat Australian beef'.

These comments from the Ambassador have served to intensify heated discussions in Australia about its trade exposure to the PRC. Earlier in the month, Liberal backbencher Andrew Hastie MP had published a [petition](#) pushing for a move away from deep economic ties with the PRC, noting that '[t]he coronavirus pandemic has exposed the true cost of relying too heavily on an authoritarian regime like China for our economic security and prosperity'. Liberal Senator Concetta Fierravanti-Wells put it in starker terms, [stating](#) that Australia ought to consider economic decoupling from the PRC in a post-pandemic world.

There remains, however, broad bipartisan [support](#) at senior levels in government and opposition for continued trade ties with the PRC. Trade Minister Simon Birmingham said: 'Australia and our government have very successfully managed to pursue an open and honest relationship with China about areas of concern... while still allowing Australian businesses and Chinese businesses to get on with their job of commerce and business'. Shadow Trade Minister Madeleine King articulated a similar sentiment: 'We not only want but need a strong trading relationship...We will always have our differences but that doesn't mean we don't do everything in the meantime to keep those people-to-people, business-to-business contacts going and keep those international supply chains open'.

Scrutiny of Australia's ties with the PRC was also seen playing out on state government levels this month.

Ahead of the Queensland state election in October the opposition Liberal National Party have adopted a firm stance against the \$600 million purchase of Queensland-based, Japanese-owned Lion Dairy and Drinks, the second largest milk processor in Australia, by Chinese buyer Mengniu, a dairy company headquartered in Inner Mongolia. Queensland Shadow Agricultural Industry Development Minister Tony Perrett wrote to Treasurer Josh Frydenberg noting he had 'grave concerns about major food processor brands being purchased by Chinese companies with close ties to the Chinese Government,' asking for a '[reconsideration] of the sale' on behalf of the Queensland LNP.

And in Victoria, renewed criticism of the Labor Premier Daniel Andrews' government's two memoranda of understanding (MOUs) with Beijing on Victorian engagement with the Belt and Road Initiative (BRI). Liberal Senator Sarah Henderson on April 29 [called on](#) Premier Andrews to 'cancel' the two MOUs the state has on the BRI, asserting, 'As our nation grapples with the coronavirus pandemic and its origins, it is now even more evident that the [BRI] is not in our national interest'. She characterised engagement via the BRI as the 'wrong road for Victoria'. Premier Andrews [rejected](#) this call, stating the arrangements he had made were 'in Victoria's interests'.

While the COVID-19 pandemic has accelerated some uncomfortable but important discussions about Australia and the PRC, it has also seen a significant increase in racist attacks on the Australian-Chinese community as well as Australians of other Asian backgrounds. Prime Minister Morrison on April 21 was unequivocal in his [condemnation](#) of such attacks, underlining amongst other things that 'it was Chinese-Australians in particular that provided one of the greatest defences we had in those early weeks'. He said, 'I deplore that sort of behaviour against any Australian regardless of their ethnicity or their religion or whatever it happens to be'.

On April 18 15 high-profile democracy activists were arrested in Hong Kong days after Beijing's top representative in Hong Kong [called for](#) stronger national security laws, first floated in 2003 and shelved, geared towards suppressing dissent to be enacted as soon as possible. Hong Kong Chief Executive Carrie Lam had, in parallel, [identified](#) in a speech anti-government protests as a threat to national security. This presents perhaps yet another worrying development for Hong Kong's 'one country, two systems' relationship with the PRC, signifying further mainland encroachments into Hong Kong's Basic Law. Australia has

consistently called for rights to freedom of speech and assembly, as enshrined in the Basic Law, to be upheld since the start of the protests at the beginning of 2019. It joined the [US](#) and the [UK](#) in vocalising concern over these new arrests via [statement](#) from Foreign Minister Payne on April 19. Shadow Foreign Minister Penny Wong [echoed](#) these concerns.

Another indication of permeability between Hong Kong and the mainland might be reflected in the continued [delay](#) of a visa approval for Australia's new consul general to Hong Kong and Macau. While no official explanation has been provided, there is some speculation that it might be a signalling of Beijing's displeasure with Australia.

This month's trade figures, which cover the year until February, start to show the effects of COVID-19. The headline number for goods exports to the PRC shows more resilience than perhaps expected, declining at an annualised rate of 6.9 percent. But, as predicted in last month's monthly wrap, this rate varies sharply across sectors. Mining was more or less stable, while non-mining goods exports declined at an annualised 21.0 percent. Turning to services indicators, tourism arrivals were down a savage annualised 80.5 percent, while student commencements were down a more modest 7.8 percent in January-February compared with the same period a year ago.

An observation buried in the data is that at the end of last year the PRC's share of Australia's total goods exports stood at a record high for a calendar year of 38.1 percent. But by the end of February this year, this had actually increased to 38.4 percent. It is plainly early days in terms of assessing COVID-19's impact but a point we emphasised early on was that, despite some of the characterisations, COVID-19 is a global shock, not a PRC-specific one.<sup>1</sup> With the PRC now appearing the first major world economy to be returning to something like normality, it is entirely possible at year-end 2020, even if the value of Australia's exports are down significantly in absolute terms, the PRC's importance relative to other international customers could jump further.

We will await trade data covering March, released by the Australian Bureau of Statistics (ABS) in early May, but the PRC's customs statistics are already hinting at interesting developments. For example, as calculated at the PRC end, in the first quarter of 2020 the value of goods imports from Australia actually rose by 3.3 percent over the same period in 2019.<sup>2</sup> And this was in \$US terms, which the \$A has depreciated against over the past year. An unscheduled note regarding the March trade figures was released by the ABS on April 23 and points to similar buoyancy in the data recorded at the Australian end.<sup>3</sup> Of course, large differences in performance will be seen across sectors, and inventory accumulation and other uncertainties in the PRC's economic recovery might push a decline in demand out to future months.

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1 See: Elena Collinson and James Laurenceson, 'What is the Australia-China economic impact? – with James Laurenceson', UTS:ACRI Podcast, Australia-China Relations Institute, University of Technology Sydney, March 31 2020 <<https://www.australiachinarelations.org/content/covid-19-what-australia-china-economic-impact-james-laurenceson>>.

2 CEIC database.

3 Australian Bureau of Statistics (ABS), '5368.0.55.024 - International merchandise trade, preliminary, Australia, Mar 2020', April 23 2020 <<https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5368.0.55.024Main+Features1Mar%202020?OpenDocument>>.

## Key trade indicators - April 2020

	Latest available figure	Percent change one month ago (annualised in brackets)	Percent change six months ago	Percent change one year ago	Percent change three years ago	Percent change five years ago
<b>Total goods exports (\$ billion)<sup>4</sup></b>	149.2	-0.6 (-6.9)	4.7	22.6	69.9	88.9
<b>Mining (\$ billion)<sup>5</sup></b>	103.6	-0.1 (-1.0)	10.5	35.8	64.1	68.9
<b>Non-mining (\$ billion)<sup>6</sup></b>	25.4	-1.9 (-21.0)	-7.3	-3.9	41.2	95.2
<b>Confidential/not classified (\$ billion)<sup>7</sup></b>	20.1	-1.4 (-15.9)	-4.7	6.4	201.1	335.7
<b>Iron ore (\$ billion)<sup>8</sup></b>	80.7	-0.1 (-1.1)	14.2	51.0	66.2	69.1
<b>Iron ore (kilo tonnes)<sup>9</sup></b>	665,492	-	1.3	-0.7	2.0	18.0
<b>Coal (\$ billion)<sup>10</sup></b>	14.2	1.9 (24.7)	-3.8	-1.3	50.5	76.8
<b>Liquefied gas (\$US billion)<sup>11</sup></b>	13.0	-	-5.6	7.8	230.3	1587.0
<b>Food, live animals, beverages (\$ billion)<sup>12</sup></b>	10.6	-0.7 (-7.7)	16.3	38.6	130.1	294.1
<b>Services exports (\$ billion)<sup>13</sup></b>	18.5	-	-	8.2	47.9	129.6
<b>Tourist arrivals (million)<sup>14</sup></b>	1.27	-12.7 (-80.5)	-12.1	-11.7	3.2	42.9
<b>Commencing students<sup>15</sup></b>	35,761	-	-	-7.8	-13.8	67.8
<b>PRC stock of direct investment in Australia (\$ billion)<sup>16</sup></b>	40.1			4.5	12.3	71.7
<b>Total good imports (\$ billion)<sup>17</sup></b>	77.4	-1.9 (-20.6)	-0.9	1.2	31.4	43.2
<b>Services imports (\$ billion)<sup>18</sup></b>	3.5			7.0	26.5	39.3
<b>Australian stock of direct investment in the PRC (\$ billions)<sup>19</sup></b>	13.5			1.9	-2.5	-

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<sup>4</sup> 12 months to February 2020. ABS <<http://stat.abs.gov.au/>>.

<sup>5</sup> Ibid.

<sup>6</sup> 12 months to February 2020. The figures include agriculture, forestry and fishing, manufacturing and information media and telecommunications. ABS <<http://stat.abs.gov.au/>>.

<sup>7</sup> 12 months to February 2020. ABS <<http://stat.abs.gov.au/>>.

<sup>8</sup> Ibid.

<sup>9</sup> 12 months to February 2020. CEIC database.

<sup>10</sup> 12 months to February 2020. ABS <<http://stat.abs.gov.au/>>.

<sup>11</sup> 12 months to February 2020. CEIC database.

<sup>12</sup> 12 months to January 2020. The figures exclude barley. ABS <<http://stat.abs.gov.au/>>.

<sup>13</sup> The latest available figure is for 2018-19. ABS <<https://www.abs.gov.au/ausstats/abs@nsf/mf/5368.0.55.004>>.

<sup>14</sup> 12 months to February 2020. ABS <<http://www.abs.gov.au/ausstats/abs@nsf/mf/3401.0>>.

<sup>15</sup> Year-to-date January 2020. Includes all sectors - ELICOS, Higher Education, Non-award, Schools and VET. Australian Government Department of Education <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/default.aspx>>.

<sup>16</sup> The latest available figure is for 2018. ABS <<https://www.abs.gov.au/AUSSTATS/abs@nsf/DetailsPage/5352.02018?OpenDocument>>.

<sup>17</sup> 12 months to February 2020. ABS <<http://stat.abs.gov.au/>>.

<sup>18</sup> The latest available figure is for 2018-19. ABS <<https://www.abs.gov.au/ausstats/abs@nsf/mf/5368.0.55.004>>.

<sup>19</sup> The latest available figure is for 2018. ABS <<https://www.abs.gov.au/AUSSTATS/abs@nsf/DetailsPage/5352.02018?OpenDocument>>.

## Perspectives

# Race and politics in Australia's COVID-19 responses



### Associate Professor Chengxin Pan

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As the COVID-19 pandemic wreaks global havoc, we are increasingly hearing Australia described as the ‘[envy of the world](#)’ for its management of this public health crisis. Within a relatively short time span, the country has managed to flatten the curve. Its total case numbers and death toll are markedly lower than many comparable countries, especially those in Europe. According to an infectious disease expert, ‘[Australia is a good story](#).’

Beneath this welcome medical success story, however, lies a more mixed picture of political and media responses to the pandemic. On this score, it is less certain whether Australia can claim to be the ‘envy of the world’.

Disease outbreaks have [historically been intertwined](#) with sensitive issues of race, identity, and politics, and this time has proven no different. US President Donald Trump, for example, has gone out of his way to racialise the pandemic by renaming it ‘the Chinese virus’. While Australian politicians have [praised](#) the Australian-Chinese community in particular for their role in the coronavirus response, such praise has come against the backdrop of [increased racist attacks](#) on members of this community, and on other Australians of Asian background, who have been deliberately or subconsciously associated with the disease by some quarters of the Australian media. On January 29 the front page of the Melbourne-based tabloid newspaper the *Herald Sun* was emblazoned with an image of a red surgical mask featuring the words, ‘Chinese virus pandamonium [sic]’. Sydney-based *The Daily Telegraph*’s front page headline blared, ‘China kids stay home’. Just last week, the *Herald Sun* was at it again: more than half of its front page was the mugshot of a respected Chinese virologist, along with the provocative headline ‘[Operation Batman](#)’.

Implying a link between the virus and the Chinese, these headlines and visual symbols tap into a particular kind of racist trope in Australia that dates back to the nineteenth century. During the 1881-82 Sydney smallpox epidemic, for example, smallpox was dubbed a ‘Chinese disease’.<sup>1</sup> Nearly one and a half centuries later, it is evident that certain sections of the press have not deviated very far from the ‘Yellow Peril’ bigotry that ‘the Chinese were an insanitary and wicked race who was prone to infectious diseases’.<sup>2</sup>

While this kind of blatantly racist wordplay might be unique to the sensationalist tabloid press, the racialisation of the virus has taken more subtle but no less troubling forms in wider society. The lingering suspicion towards face masks in the Australian public is but one example, with such suspicion at times turning into hostility to people wearing them, particularly those of Asian background. In Hobart, a student from Hong Kong was physically assaulted for [wearing one](#). As other [similar incidents](#) testify, wearing masks has been equated with [having the disease](#). With footage of mask-wearing Chinese and other Asian people during the pandemic constantly feeding into Australian living rooms and images splashed on newspapers, it is perhaps no surprise that masks, diseases and things ‘Asian’ have all become tangled up, if only subconsciously. One

<sup>1</sup> Greg Watters, ‘Contaminated by China’, in Walker, D., Sobocinska, A. (eds), *Australia’s Asia: From Yellow Peril to Asian Century*, UWA Publishing, Perth, 2012.

<sup>2</sup> Ibid.



piece in [traveller.com.au](http://traveller.com.au) calls it '[Asia's face mask obsession](#)', which reflects a kind of 'herd mentality' and is 'ingrained into their cultural psyche in a way it isn't here'. A recent [opinion piece](#) in *The Washington Times* went so far as to warn that wearing masks could turn 'Americans into good Asian comrades'.

While outright racism in mainstream media and politics has become rare over time, both subtle and not-so-subtle racist slurs and stereotypes, if repeatedly frequently without being challenged, can serve as capillary dog-whistling that incites fear, prejudice and hatred. [The surge of reported cases of racial abuses and violent attacks](#) on citizens, residents and visitors of Chinese and other Asian backgrounds in Australia is testimony to the harmful consequences of racial profiling in a time of crisis. Such profiling can also impact on public policy: while it was right for Australia to ban travellers from China and South Korea, there was an initial reluctance to apply similar travel restrictions to Western countries like Italy and the United States, which one might reasonably speculate had some grounding in race as well as [politics](#). As it turns out, [the US was the most common country](#) visited in half of all Australian cases acquired overseas.

As enduring as this racialised prism is, so too is the manner in which the pandemic has been interpreted through the dichotomy between democracy and authoritarianism. From the outset, the outbreak of the coronavirus in Wuhan has been widely attributed in part to China's 'repressive political regime': the silencing of whistleblowers, the cover-up of the outbreak, and the lack of transparency and free speech have all been seen as responsible for the unfolding disaster. On March 8, Channel 9's [60 Minutes](#) program zeroed in on this, stating that 'the breadth of [the pandemic] is because of the authoritarianism and the lack of press freedom in the mainland.' Coalition backbencher [Tim Wilson](#) agreed: 'The Chinese Communist Party's deliberate strategy to suppress awareness of the virus led to this pandemic'. As well as used to understand the initial failings of the Chinese government, the authoritarianism angle is also invoked to characterise China's control measures. As [one China analyst](#) observed, 'Beijing's draconian crackdown, paired with intense scrutiny and intrusion into the daily lives of ordinary citizens, has further consolidated power in the hands of President Xi Jinping and the Chinese Communist Party'.

No doubt, China's opaque and overly hierarchical bureaucracy, as well its favouring of censorship as one form of control, contributed to the initial bungled response to the outbreak, and some of its strict measures in controlling the spread of the virus do not look '[pretty](#)'. However, an over-use of the 'authoritarianism' prism can be counterproductive. If China's authoritarian regime is largely to blame for the disaster, this might unwittingly give a false sense of security and superiority among leaders of 'liberal democratic' countries, who might be led to think that such bungles could not happen at home. But one need only think of the Ruby Princess debacle, which was responsible for more than 700 cases and at least 21 deaths in Australia, to recognise that this is untrue.

Meanwhile, relentless and unqualified criticisms of China's lockdown and quarantine measures as '[draconian](#),' '[excessive](#),' '[flat-out backward](#),' and '[dystopian](#)' are not particularly helpful when the main battle during the pandemic is not between [democracy and authoritarianism](#), but between people's lives and the vicious, pervasive virus. By describing some successful measures as 'authoritarian', the discourse almost automatically makes considering the adoption of such measures in Australia and other Western countries more difficult. In this particular debate, there is a lot of hand-wringing about whether Australia could or should '[learn from Xi Jinping's tactics](#)'. Some commentators have opined that 'in fighting a disease that has come from China, Australia has become increasingly, well, [like China](#)'. As the example in the UK shows, such political, instead of medical, reasoning informed British scientists' recommendations on lockdown. Believing that China's drastic actions '[would never be acceptable in a democracy like the UK](#)', they initially refrained from considering such measures. Britain changed course only after Italy's lockdown '[open\[ed\] up the policy space](#)'. One wonders how many lives could have been saved had such measures been adopted sooner.

There is politics in almost everything, but not everything can be diagnosed exclusively through the same political, or racial for that matter, lens, ad infinitum. Australia's success with its pandemic response, helped in no small parts by its [geography](#) as well as the hard work and sacrifice of its healthcare workers and citizens, is not because of, but despite, such racialised and politicised commentaries and responses.

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