

# Australia-China monthly wrap-up

March 2023



This edition features:

- Summary and analysis of major developments in March 2023

Elena Collinson and Corey Lee Bell

This month saw the announcement of the pathway towards Australia's acquisition of nuclear submarines under the AUKUS agreement. Senior ministers engaged in careful treatment of the subject, generally refraining from making direct mention of the People's Republic of China (PRC) as a motivating factor for the deal, although Defence Minister Richard Marles was [plain](#) about the PRC's rapid military build-up 'shap[ing] the strategic landscape in which we live.' Both [Prime Minister](#) Anthony Albanese and the [Defence Minister](#) declined to name the PRC as a threat when pressed during interviews. A vigorous national discussion of the deal, however, was sparked by an intervention by former prime minister Paul Keating.

The response from Beijing, while sustained, has been relatively muted for the time being. It has, to be sure, maintained its [usual](#) diplomatic [protests](#), adding to the equation the [accusation](#) that the AUKUS nations had 'coerced' the International Atomic Energy Agency (IAEA) into endorsing the nuclear submarine program. In spite of this, Beijing has nonetheless shown a willingness to continue engagement at various levels. Notably, a visit to Australia in April by PRC Vice-Minister for Foreign Affairs Ma Zhaoxu, a former Ambassador to Australia, was [announced](#) at the end of the month, and Australian and PRC defence officials [met](#) on March 22, which likely allowed for an exchange of views regarding the announcement.

On March 16, the Prime Minister [stated](#), 'The relationship with China is improving and that is a good thing'.

Assistant Trade Minister Tim Ayres met with his PRC counterpart, Vice-Minister for Commerce Wang Shouwen at the end of the month, Victorian Premier Daniel Andrews travelled to the PRC for a four-day [visit](#), and intended visits by [Western Australian Premier Mark McGowan](#) (April 17) and [Queensland Premier Anastacia Palaszczuk](#) (tentatively November) were announced. The CEOs of Australian businesses attended the Bo'ao Forum, although the welcome was not extended to Australian journalists, with Fortescue Metals [denied](#) visas for journalists to accompany it.

Beijing appeared relatively more concerned – at least for the moment – with what the PRC Commerce Ministry has [described](#) as Australia's 'tightening of security inspections on Chinese companies investing and operating in Australia'. Foreign Minister Penny Wong sought to assuage these concerns by [telling](#) PRC Foreign Minister Qin Gang that Australia 'applied the same risk-based approach' to all foreign investment.

However, while the Australia-PRC relationship appears to remain on the path to stabilisation, Canberra no doubt remains uneasy as – among other continuing difficulties with Beijing – US-PRC relations continue to

devolve. President Xi Jinping in a speech on March 6 [asserted](#), ‘Western countries — led by the US — have implemented all-round containment, encirclement and suppression against us, bringing unprecedentedly severe challenges to our country’s development.’ PRC Foreign Minister Qin in his first press conference since assuming the role [said](#) that if the US ‘does not hit the brake but continues to speed down the wrong path, no amount of guardrails can prevent derailing, and there will surely be conflict and confrontation.’ And in the wake of a paper on ‘US hegemony and its perils’ last month, the PRC Foreign Ministry on March 20 published another critical paper ‘The state of democracy in the United States: 2022’ with sections with titles such as ‘American democracy in chronic ills’ and ‘The United States’ imposition of ‘democracy’ has caused chaos around the world’.

## The political relationship overall

On March 2, Foreign Minister Wong [met](#) with PRC Foreign Minister Qin on the sidelines of the G20 Foreign Ministers’ Meeting in New Delhi. She [described](#) it as a ‘constructive’ meeting where the two sides discussed the ‘importance of international institutions, rules and norms’. She stated that she had raised ‘consular matters, trade impediments and human rights’ and emphasised that ‘Australia welcomed high-quality investment from all countries and applied the same risk-based approach’.

On the Australian approach to PRC policy, Prime Minister Albanese [told](#) *The Australian Financial Review’s* Business Summit on March 7:

[W]e also have an interest in a mature relationship, what Kurt Campbell from the US speaks about, a return to diplomacy. Stopping the loud hailer. Frankly, use of international diplomacy to send domestic political messages is what we saw towards the end of the previous government. That wasn’t about Australia’s national interest or about our security. It was about sending a message here.

He also noted he remained open to travelling to the PRC, [saying](#) ‘if there’s an invite, then I would accept that’.

PRC Ambassador to Australia Xiao Qian engaged in somewhat of a media blitz this month. [Writing](#) in *The Australian Financial Review* on March 21 he noted, ‘China and Australia have no fundamental conflicts of interest. ... We stand ready to work with Australia to continue to promote dialogue and exchanges at various levels, objectively view and properly handle differences, address our each legitimate concerns, and improve, uphold and further develop the relationship.’ In a second [opinion piece](#) for the *Sydney Morning Herald* two days later (March 23) the PRC Ambassador prosecuted Beijing’s position on Taiwan, criticising ‘some individuals from the Australian side’ who he alleged were ‘using the Taiwan question as an excuse to make unfounded accusations and attacks against China and exaggerate the threat of war.’ He said:

This is like Don Quixote tilting at windmills, fighting against a non-existent enemy. Such behaviour is even more detrimental to regional stability and Australia’s own interests.

...

A war between China and Australia is neither realistic nor at all consistent with our national interests and diplomatic philosophy.

In an [interview](#) with *The Australian* at the end of the month, the Ambassador said, ‘By having a nuclear-powered submarine, it is not going to help Australia with its national security’. He added:

China and Australia have their differences in certain areas but fundamentally there is not a single area where China and Australia have to confront each other.

We were on the same side in World War I and II and were working together to fight international terrorism. In history, you cannot single out one incident to say that we have been a threat to each other. China is developing but our policy remains unchanged and the policy towards Australia is a friendly policy.

## The economic relationship overall

On March 9, Trade Minister Don Farrell [said](#), ‘Discussions have been going very well with the Chinese government and the Chinese [Commerce] Minister’, as well as discussions at the official level, and noted that he expected to make a trip to the PRC ‘in the near, near future’.

Assistant Trade Minister Ayres travelled to the PRC at the end of the month to attend the Bo’ao Forum for Asia, making him the first Australian government minister to attend the conference since 2016. The Prime Minister [described](#) the trip as ‘a good thing’.

On March 30, the Assistant Trade Minister met with PRC Vice-Minister for Commerce Wang Shouwen on the sidelines of the Bo’ao Forum, [describing](#) it as ‘a constructive and useful meeting’ and noting he had ‘advocated for the timely and full resumption of trade’ during the discussion. Vice Commerce Minister Wang said the PRC was ‘willing to work with Australia to find constructive solutions... through bilateral or multilateral channels.’ He also [conveyed](#) the PRC’s concerns about ‘Australia’s tightened security review of Chinese companies’ investment and operation’, stating that ‘national security should not be abused’. This matter had first been raised last month by the PRC Commerce Minister and Commerce Ministry (see [Australia-China monthly wrap-up: February 2023](#)).<sup>1</sup>

On the same day Assistant Trade Minister Ayres met with the President of the Asian Infrastructure Investment Bank (AIIB), [highlighting](#) the AIIB’s positive contributions in helping ‘close the financing gap across Asia’ and ‘creating new and trade investment opportunities across our region, including for Australian businesses.’

The Minister [sought](#) to manage expectations prior to his departure, saying, ‘[I]t’s important not to overstate or understate the progress that’s been made to date.’ He also [stated](#), ‘There’s a long way to go before you would say that the trade relationship with China has returned to normal.’ Noting that while there had been a relaxation of trade restrictions on coal, ‘There is still a lot of progress to go in areas like barley, areas like lobster, areas like wine.’

On March 27, Prime Minister Albanese, asked whether he was ‘still hopeful that trade sanctions will be removed sooner rather than later given the fallout from AUKUS’, [pointed](#) to the fact that ‘there have been some changes to the impediments that were there in our trade already.’ Similarly, the Assistant Trade Minister [said](#) of AUKUS (discussed further below), ‘I don’t believe that it’s made any changes whatsoever’ in terms of affecting progress in the Australia-PRC economic relationship, especially in view of the fact that ‘the AUKUS arrangements are not a new development’.

### *Timber*

On March 22, the head of the Australian Forest Products Association [noted](#) that PRC Customs had ‘recently’ sent Australian agriculture officials a list of new technical rules that needed to be applied before log imports were resumed. He expressed optimism about the development, saying, ‘What we’re trying to work through is certainly things that we could work through in a matter of months not years.’

### *Business ties*

At the end of March, the heads of Rio Tinto, BHP, Fortescue and Treasury Wine Estates travelled to the PRC to attend the Bo’ao Forum and the China Development Forum. *The Australian Financial Review* journalist Mike Smith [observed](#) that ‘The Australian presence at the [Bo’ao Forum] is a far cry from the large delegations led by Australian prime ministers in previous years. But it is significant given the inability of executives to visit

<sup>1</sup> In February, the FIRB blocked an application from Yuxiao Fund, an investment fund registered in Singapore controlled by a PRC businessman, to raise its ownership of Northern Minerals Ltd, an Australian rare earths producer with landholdings in Western Australia and the Northern Territory, from 9.92 percent to 19.9 percent. The statements from the PRC appear to be referring in part to this decision. The Opposition Leader articulated his support for the decision at the beginning of this month. See Peter Dutton, doorstop interview, Avalon, March 1 2023 <<https://www.peterdutton.com.au/leader-of-the-opposition-transcript-doorstop-interview-avalon/>>.

their China operations during the pandemic, and is also a sign of the thaw in relations taking place currently – at least on a trade and business level.’

## AUKUS and nuclear submarines

### *The San Diego announcement*

Prime Minister Albanese [visited](#) the US March 11-14. On March 14, at the Point Loma Naval Base in San Diego, the Prime Minister together with US President Joe Biden and UK Prime Minister Rishi Sunak [shared](#) with the public a [blueprint](#) for the Australian [acquisition](#) of nuclear submarines under the AUKUS trilateral security pact, first [announced](#) in 2021. The Prime Minister [stated](#) that the deal ‘represents the biggest single investment in Australia’s defence capability in our history’, although he also [touted](#) it as an ‘economic plan, not just a defence and security plan’.

The program is estimated to cost up to AU\$368 billion (US\$245 billion) over about 30 years. Australia’s acquisition of the capability will occur through a phased process. It will commence with nuclear submarine port visits to Australia and the embedding of Australian personnel in US and UK nuclear submarines from this year and the establishment of a rotational presence of US and UK submarines in Australian ports from 2027. This will be followed by the acquisition of between three to five US Virginia-class nuclear-powered general purpose attack submarines (pending approval from US Congress) beginning in the early 2030s, and the domestic production of new submarines that combine UK submarine designs and US technology in Australia (with South Australia as the [home](#) of construction) and the UK, with the former delivering its first submarine in the early 2040s and the latter in the late 2030s. According to a [fact sheet](#) released by the White House, in addition to purchasing the platforms, Australia would be obliged to provide ‘a proportionate financial investment in... the submarine industrial base’ of the US and the UK to ‘accelerate’ delivery of Virginia-class submarines in the former and the production of SSN-AUKUS in the latter.

The announcement was [welcomed](#) by the opposition, with Opposition Leader Peter Dutton saying they would ‘continue to seek further details... but will provide bipartisan support’.

### *Australia on the PRC factor*

Prime Minister Albanese [rejected](#) the notion that AUKUS would place an extra strain on Australia’s relationship with the PRC, saying that relations were ‘improving, and that’s a good thing’. Defence Minister Marles [stated](#) that Australia’s relationship with the PRC would ‘continue largely unaffected by what has been announced.’ He also noted that ‘I really do think that the project of seeking to stabilise [the bilateral relationship] will continue.’

In the lead-up to the announcement, senior Australian ministers [made](#) ‘more than 60 calls to regional and world leaders within the Pacific, within ASEAN, within our Five Eyes partners.’ The Defence Minister [confirmed](#) that the PRC was offered a briefing before the announcement but hadn’t accepted it. Foreign Minister Wong [said](#) she had offered her PRC counterpart a briefing when they met in Delhi, with the Australian Ambassador in Beijing following up. The PRC Embassy [sent](#) a representative to a Department of Foreign Affairs and Trade (DFAT) briefing for the diplomatic corps in Australia on March 15.<sup>2</sup>

### *Beijing’s response*

The announcement prompted a series of continuing remonstrations from the PRC’s Ministry of Foreign Affairs. A PRC Foreign Ministry spokesperson [said](#) on March 14 that the AUKUS countries have ‘gone further down

<sup>2</sup> This had been interpreted in two ways by *The Guardian* and *The Australian*, the former reporting, ‘The Chinese ambassador, Xiao Qian, was not in attendance at Wednesday’s briefing but this was not unusual because most countries were represented at a lower level than their heads of mission’, and the latter reporting, ‘China’s ambassador to Australia, Xiao Qian, declined to attend a briefing on the AUKUS submarine plan last week by the Department of Foreign Affairs and Trade, sending a more junior official in his place’. See Daniel Hurst, ‘Chinese official asks if Australia’s Aukus nuclear submarines intended for ‘sightseeing’, *The Guardian*, March 16 2023 <<https://www.theguardian.com/world/2023/mar/16/chinese-official-asks-if-australias-aukus-nuclear-submarines-intended-for-sightseeing>>; Ben Packham, ‘Australian and Chinese defence talks a sign AUKUS submarines have not hurt ties’, *The Australian*, March 23 2023 <<https://www.theaustralian.com.au/nation/defence/australian-and-chinese-defence-talks-a-sign-aukus-submarines-have-not-hurt-ties/news-story/917f0d4cca670ed4f0ebd42b67f3307b>>.

the wrong and dangerous path.’ On March 15, the Foreign Ministry [accused](#) the three nations of ‘coercing the IAEA Secretariat into endorsement on the safeguards issues’, dismissing the safeguards for nuclear non-proliferation that had been emphasised by the AUKUS partners, claiming the commitments were ‘nothing but a high-sounding rhetoric to deceive the world’.

A March 20 Foreign Ministry [report](#) branded AUKUS a ‘racist clique’. On March 23, the Ministry [described](#) AUKUS as ‘a small bloc composed of Anglo-Saxon nations’, repeating the claim that it was ‘coercing the IAEA into endorsing their plan. China has made clear its severe concern and firm opposition.’

IAEA Director General Rafael Grossi [stated](#) that while some countries had ‘strong feeling’ about AUKUS, ‘Nobody coerces me. Nobody coerces the IAEA.’

In the face of Beijing’s criticisms in the wake of the announcement, the Defence Minister has primarily opted not to directly engage, sticking to the [comment](#) that ‘China will speak for itself’,

### *Former prime minister Paul Keating’s intervention*

Former Labor prime minister Paul Keating in a National Press Club appearance on March 15 [described](#) the AUKUS pact as ‘the worst deal in all of history’, making the assessment that ‘[t]he marginal benefit to Australia’s defences is minimal while the cost is maximal – indeed, off the scale.’<sup>3</sup> He noted the hastiness of the decision by the Labor Party to support the program while in opposition – about 24 hours – and questioned issues of cost, sovereignty and efficacy, among other matters.

Prime Minister Albanese [said](#) that while ‘he’s entitled to put his opinion’, and that while ‘he has my respect’, ‘I think on those issues he’s wrong’, adding, ‘I fundamentally disagree with his view. And I disagree with his attitude towards the state of the world in 2023.’

He also [stated](#), ‘There’s bipartisan support for it and I do note that it has the unanimous support of my cabinet and my team. We have all come to the same conclusion that this is the right thing to do.’

Mr Keating’s remarks, bundled as they were with colourful rebukes, generated a wave of criticism but also stimulated intense discussion and debate over the acquisition of nuclear submarines, exposing it to a more intensive and widespread scrutiny than had been levelled at the pact in the past. Former foreign ministers [Gareth Evans](#) and [Bob Carr](#), former Labor ministers [Kim Carr](#) and [Peter Garrett](#) and former Labor senator [Doug Cameron](#), expressed agreement in varying degrees with Mr Keating. Labor backbencher Josh Wilson publicly [questioned](#) ‘some aspects of the arrangement’ while two other backbenchers [expressed](#) some concerns during a caucus meeting (although one subsequently came out to [state](#), ‘I fully support the government’s AUKUS plan’). The Australian Council of Trade Unions, along with the Electrical Trades Union and Maritime Union of Australia, have [vocalised](#) opposition to the plan. Teal independents and balance-of-power Senator David Pocock have also put forward [questions](#). However, there has been no public dissent by members of the opposition, with a question to Shadow Defence Minister Andrew Hastie on whether any Coalition MPs had expressed reservations about the deal [receiving](#) a no comment.

## **Regional responses to the AUKUS announcement**

### *Philippines*

The Philippine Department of Foreign Affairs in a [statement](#) ‘note[d] the recent announcement’ and ‘appreciate[d] the efforts’ of the AUKUS nations ‘to provide information and developments’. The statement went on to say, ‘For the Philippines, it is important that partnerships or arrangements in the Indo-Pacific region, such as AUKUS, support our pursuit of deeper regional cooperation and sustained economic vitality and resilience’.

<sup>3</sup> See also Paul Keating, AUKUS statement, National Press Club, March 15 2023 <<http://www.paulkeating.net.au/shop/item/aukus-statement-by-pj-keating-the-national-press-club-wednesday-15-march-2023>>.

## Indonesia

Indonesia's Foreign Ministry [said](#) the country had been 'closely watching' developments, and expected Australia 'to remain consistent in fulfilling its obligations under the NPT [Treaty on the Non-Proliferation of Nuclear Weapons] and IAEA safeguards, as well as to develop with the IAEA a verification mechanism that is effective, transparent and non-discriminatory.'

A senior member of Indonesia's parliamentary committee overseeing foreign affairs, defence, and intelligence, Tubagus Hasanuddin, [said](#) in an interview with the *Sydney Morning Herald/The Age*, '[AUKUS] is definitely related head-to-head [rivalry] with the Chinese maritime powers. It means it is not a peaceful means so that Indonesia will reject [them sailing through its waters].' He added, 'As long [as vessels are] made not for war, it is no problem. ... But AUKUS is created for fighting.'

A spokesperson for Indonesian Defence Minister Prabowo Subianto [called for](#) 'mutual restraint' and stated, 'We understand the national interests of each country and hope each country also respects the national interests of other countries.'

Weighing in on these comments from Indonesia, Foreign Minister Wong [said](#) she had 'appreciated the openness of the discussions' during the 2+2 ministerial meeting with Indonesian counterparts last month, but also that 'I will just make this point. The Indonesian Foreign Ministry official statement made the same point that I've been making to you this morning, that maintaining peace and stability in the region is the responsibility of all countries. It is critical for all countries to be part of this effort. That's what we're part of.'

## Malaysia

The Malaysian Foreign Ministry issued a [statement](#) which read, 'Malaysia acknowledges the needs of countries in terms of enhancing defence capabilities ... Nevertheless, Malaysia's position on AUKUS remains.' It called for compliance with Malaysia's 'national regime in relation to the operation of nuclear-powered submarines in our waters, including the UN Convention on the Law of the Sea, the Southeast Asia Nuclear Weapons Free Zone Treaty and the ASEAN declaration on the Zone of Peace, Freedom and Neutrality' and articulated the need to *refrain* 'from any provocation that could potentially trigger an arms race or affect peace and security in the region.'

## Cambodia

In a March 16 speech, Cambodian President Hun Sen acknowledged that the AUKUS submarines would be nuclear-powered, not nuclear-armed, but also [said](#), 'We are thinking along with other ASEAN countries. We also express concern. They say there is no nuclear [weapon] but if it is a nuclear weapon... would they allow us to check the submarine? [Of course] they would not allow it. The big country should not bully the small country.'

## Samoa

Samoa's Prime Minister Fiamē Naomi Mata'afa during a visit to Australia [said](#), '[T]his is how Australia sees its role in the security aspects of the region, and we understand that'.

## Tuvalu

Tuvalu's Foreign Minister Simon Kofe on March 19 [tweeted](#), 'The 2011 Fukushima disaster highlighted the danger of nuclear power to human health and the environment. As we discuss nuclear-powered submarines in the Pacific, we must also address concerns about increased militarisation of the region.'

## The PRC and regional defence spending

On March 5, Beijing announced a [defence budget increase](#) of 7.2 percent – a slight increase over the previous year's growth figure – bringing the official total to 1.55 trillion yuan (roughly AU\$330 billion). The increase comes against the backdrop of ongoing fears of a regional arms race, as defence expenditures rose across

the region. Addressing the rise, PRC Premier Li Keqiang **warned** of ‘high winds and choppy waters in the international environment’.

While the PRC has joined the UN Report on Military Expenditures, which is aimed at building funding transparency and trust between nations, concerns have been raised about whether funding has been excluded or hidden.<sup>4</sup>

The PRC’s military spending rise comes on the back of high growth (double digit growth prior to 2015), and growing defence budgets among each of Australia’s Quad and AUKUS partners.<sup>5</sup>

In Australia, the Albanese government’s October 2022 **budget paper** put forward estimates for 2023–24 at approximately \$52 billion (roughly a six percent increase from the 2022–23 figure of \$48.6 billion), rising to \$55 billion by 2025. Questioned for a defence spending figure on March 10, Prime Minister Albanese **stated** that he would not ‘pluck a figure out in order to get a headline in a newspaper.’

### Meeting between Australian and PRC defence officials

On March 22, Australia and the PRC defence officials participated in a half-day meeting in Canberra – the first such meeting since 2019. The Australian Department of Defence **noted**, ‘The dialogue was conducted in a professional atmosphere with both sides exchanging views on regional security issues’, while the PRC’s Defense Ministry **stated**, ‘The two sides exchanged frank and in-depth views on international and regional security issues of common concern, and held consultations on promoting practical exchanges and cooperation between the two militaries.’

### Nine newspapers’ ‘Red alert’ series

At the beginning of the month, the *Sydney Morning Herald* and *The Age* held a one-and-a-half day group discussion in the Nine boardroom which brought together a group of five defence and security specialists.<sup>6</sup> The discussion culminated in a ‘**communique**’<sup>7</sup> which asserted:

We believe Australia faces the prospect of armed conflict in the Indo-Pacific within three years. The most serious risk is a Chinese attack on Taiwan that sparks a conflict with the US and other democracies, including Australia.

It also said:

4 See, e.g., S. D. Pradhan, ‘Chinese official defence budget for 2023: Hidden expenditure not included’, *The Times of India*, March 8 2023 <<https://timesofindia.indiatimes.com/blogs/ChanakyaCode/chinese-official-defence-budget-for-2023-hidden-expenditure-not-included/>>.

5 Japan in December 2022 announced a 26 percent budget increase to 6.8 trillion yen, which includes US Forces realignment spending (roughly AU\$75 billion). See Ministry of Defense, *Defense programs and budget of Japan: Overview of FY2023 budget*, Government of Japan <[https://www.mod.go.jp/en/d\\_act/d\\_budget/pdf/230330a.pdf](https://www.mod.go.jp/en/d_act/d_budget/pdf/230330a.pdf)>. India is set to increase its budget by 13 percent to 5.94 trillion rupees (over AU\$105 billion). See Manoj Kumar, ‘India raises defence budget to \$72.6 billion amid tensions with China’, Reuters, February 2 2023 <<https://www.reuters.com/world/india/india-raises-defence-budget-726-bln-amid-tensions-with-china-2023-02-01/>>. The UK is on course to increase its defence spending to £48.6 billion (almost AU\$90 billion) in 2024/25, and aspires to raise its defence spending to 2.5 percent of GDP in the long term. Increases in the UK figure were announced through the launch of the Integrated Review Refresh (IR23), which ‘sets out how UK will tackle new threats from Russia and China.’ See House of Commons Library, ‘The Integrated Review Refresh 2023: What has changed since 2021?’, UK Parliament, March 15 2023 <<https://researchbriefings.files.parliament.uk/documents/CBP-9750/CBP-9750.pdf>>; Prime Minister’s Office, ‘PM announces major defence investment in launch of Integrated Review Refresh’, press release, March 13 2023 <<https://www.gov.uk/government/news/pm-announces-major-defence-investment-in-launch-of-integrated-review-refresh>>. The US on March 9 announced a defence budget request for US\$842 billion for the 2024 fiscal year – a US\$26 billion increase on 2023, and up US\$100 billion from 2022. The statement for the 2024 budget, delivered by Secretary of Defense Lloyd J. Austin III, says, ‘The President’s budget request provides the resources necessary to address the pacing challenge from the People’s Republic of China’. See US Department of Defense, Statement by Secretary of Defense Lloyd J. Austin III on the President’s fiscal year 2024 budget, March 9 2023 <<https://www.defense.gov/News/Releases/Release/Article/3324103/statement-by-secretary-of-defense-lloyd-j-austin-iii-on-the-presidents-fiscal-y/>>.

6 Participants were Dr Alan Finkel, Australia’s Chief Scientist 2016–2020; Chairman of the Australian government’s Technology Investment Advisory Council; Peter Jennings, Senior Fellow at and former head of the Australian Strategic Policy Institute (ASPI); Dr Lavina Lee, Senior Lecturer in the Department of Security Studies and Criminology at Macquarie University, ASPI Council Member, Non-Resident Fellow at the Center for Strategic and International Studies and Non-Resident Senior Fellow at the United States Studies Centre; Mick Ryan, retired Australian Army Major General and former commander of the Australia Defence College; and Dr Lesley Seebeck, former head of the Cyber Institute Australian National University.

7 The term ‘communique’ was used by the Nine journalists to describe the document: ‘Red Alert will roll out over the next three days, culminating in a joint communique including recommendations for action.’ See Peter Hartcher and Matthew Knott, ‘Australia’s holiday from history is over’, *Sydney Morning Herald*, March 7 2023 <<https://www.smh.com.au/politics/federal/australia-s-holiday-from-history-is-over-20230221-p5cm8q.html>>.

The need to dramatically strengthen our military and national security capabilities is urgent, but Australia is unprepared.

The joint statement was accompanied by a three-part series over three days by Nine journalists. The [first instalment](#) (March 7), with print edition headlines ‘Red alert: War risk exposed’ (*Sydney Morning Herald*) and ‘Australia ‘must prepare for threat of China war’ (*The Age*), asserted that ‘Australia’s government has not told the people about the seriousness of the threat the country faces.’ It said, ‘The overwhelming source of danger to Australia is from China. The nature of the threat extends to the prospect of a full-scale war – and Australia would have to be involved.’ The [second](#) (March 8) detailed what a hypothetical first 72 hours of an ‘attack on Taiwan’ might look like and how it ‘could rapidly reach Australia’, with the [third](#) (March 9) proposing ‘two controversial ideas’ to ‘help solve’ Australia’s ‘urgent security problem’: national service and hosting nuclear weapons.

While senior Australian ministers did not directly weigh in on the series, it was [described](#) by Government Services Minister Bill Shorten ‘pretty hot and fevered discussion’. He said, ‘I don’t think that gets us anywhere.’ The Prime Minister, in [response](#) to the question, ‘there’s been a lot of discussion over the past few weeks about a possible war with China within three years. ... Is this nuclear subs deal a sign that the threat is real’, said, ‘I don’t think it is constructive to talk about war.’

Opposition Leader Dutton, asked whether he could see war with the PRC within three years eventuating, [replied](#), ‘[T]hat’s the advice from the experts and that’s the advice from the current Minister, that they are very worried about the intelligence that they’re reading.’

## Taiwan

In the wake of the AUKUS announcement, the Opposition Leader [said](#) on March 14, ‘We want a status quo in relation to Taiwan.’

Asked on March 15 whether ‘if China reclaims Taiwan, or tries to, are we now locked into war with the US’, Defence Minister Marles [responded](#), ‘[W]hatever plays out in the future in respect of that is something that we need to consider on its own terms.’ He was more unequivocal on March 19, [saying](#), ‘Absolutely not’ to a question on whether Australia had given the US ‘any sort of commitment explicitly, implicitly, that we will be there in the event of a conflict over Taiwan’.

## Regional relationships – Pacific Island nations

On March 3, the Australian government [deployed](#) a 12-person team, along with an initial assistance package, to survey cyclone damage and for impacted communities to Vanuatu. This was followed by the [deployment](#) of the HMAS Canberra on March 5 with 600 personnel and equipment to support a response to the cyclones. On March 10, Canberra [provided](#) an additional \$4.35 million to assist the Vanuatu government.

Australia at the beginning of the month also [committed](#) to co-sponsoring Vanuatu’s bid for the International Court of Justice to rule on matters relating to the climate crisis.

Prime Minister Albanese [visited](#) Fiji on March 15 for a meeting with Prime Minister Sitiveni Rabuka. He also welcomed Samoan Prime Minister Mata’afa in Australia for a [visit](#) on March 20–25. The Australian and Samoan leaders [met](#) on March 22 and in a [joint statement](#) ‘reaffirmed Samoa and Australia’s close security partnership’ and ‘reflected on... how Australia could support Samoa on its journey and reforms towards economic recovery and resilience’ post COVID-19. The following day, the prime ministers signed a [Bilateral Partnership Agreement](#).

On March 19, at the request of the Kiribati government, a team from the PRC [conducted](#) a feasibility study on renovations of an airstrip at Kanton.

Solomon Islands Prime Minister Manasseh Sogavare received [Japanese Foreign Minister Hayashi Yoshimasa](#) on March 19 and met with [representatives from the China International Development Agency](#) on the same day. He met [US Indo-Pacific Coordinator Kurt Campbell](#) on March 21.

On March 22, a Solomon Islands official [confirmed](#) that PRC state company China Civil Engineering Construction Company had been awarded a contract to upgrade an international port in Honiara. The company had been the only entity to submit a bid in the competitive tender. The Solomon Islands official [told Reuters](#) there would be ‘no expansion’ of the port for dual use.

While in Australia Samoan Prime Minister Mata’afa [responded](#) to a question about the port contract during a press conference:

I think, at the outset, we’ve all recognised the sovereign rights of countries to make decisions. And this is a commercial port, although I think the fears are that it might morph into something else. What do they call it – dual purpose or something? Well, I suppose we have to address that if and when it might happen.

At the same time too, you know, let’s be quite clear, other countries also have military or naval stations within the region as well.

### **Detention of Australian citizens**

In response to calls from Cheng Lei’s partner to raise her case during his visit to the PRC, Victorian Premier Andrews [said](#), ‘There are a number of people in custody. I just want to make it very clear, that would not be something that I would raise because they are deeply sensitive matters.’ He went on to say, ‘They’re best dealt with by the Australian foreign service. Some things are absolutely appropriate to raise. Other things, you need to be very careful when you are the leader of a sub-sovereign state.’

On March 31, the Foreign Minister released a [statement](#) marking one year since Ms Cheng’s closed door trial in Beijing, expressing deep concern about the continuing delay in her case and underlining that ‘[t]he Australian government has advocated at every opportunity for Ms Cheng to be reunited with her family.’ Ms Cheng has been detained in the PRC since August 2020.

### **Quad**

Foreign ministers from Quad nations [met](#) in New Delhi on March 3.

During a [panel discussion](#) with Quad foreign ministers at the Raisina Dialogu, which was held on the same day, Japanese Foreign Minister Hayashi said of the grouping, ‘We don’t try to exclude anybody. This is open architecture. So one thing we would like to say is, just abide by the law of international ruling institutions. And as long as China abides by... the international institutions, standards and rules, then this is not a conflicting issue between China and the Quad.’

### **Australia-PRC cyber security teaching collaboration**

There was some scrutiny this month over teaching collaborations between Australian universities and PRC universities on cyber security courses, with [calls](#) from some quarters for tighter regulation, including PhD research. The chief scientist at the University of New South Wales’ AI Institute [told The Australian](#), ‘[W]hen we’re doing research and bringing a PhD student from China, they have possibly unique skills and knowledge they’ll acquire that could be used against Australia. We should be worried about that.’

Shadow Minister for Cyber Security James Paterson [stated](#), ‘We should not be teaching students from foreign authoritarian regimes how to engage in cyber attacks’.

Australian universities have defended their programs.<sup>8</sup>

## Port of Darwin

On March 16, Prime Minister Albanese [stated](#) ‘the review is happening’ but did not place a timeframe on when the findings would be released. He said, ‘We’ll announce it when it’s announced’, committing to ‘release it and make it in a transparent way.’

## Belt and Road Initiative

This year marks the ten-year anniversary of the PRC’s Belt and Road Initiative (BRI). In the wake of the PRC’s borders re-opening following a three-year closure during the COVID-19 pandemic, there has been a push by Beijing to reinvigorate the BRI.

PRC Ambassador to Australia Xiao in an interview with *The Australian* took the opportunity to press for government reconsideration of the BRI [saying](#), ‘I think as far as the Chinese side is concerned, we are open to welcome Australia to come back to the Belt and Road.’ He added, ‘This is an initiative for economic development not for security or political purposes.’

*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.*

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<sup>8</sup> The University of Sydney said ‘We don’t discriminate on the grounds of race or nationality in the provision of coursework’, adding ‘We support and encourage our researchers to collaborate with international partners in line with all applicable Australian and international laws and government guidelines, and with the university’s objectives, values and policies.’ The University of New South Wales noted that it ‘regularly works with DFAT (the Department of Foreign Affairs and Trade) and Home Affairs to ensure these partnerships remain in the national interest’ and that ‘The teaching of cybersecurity to international students, both onshore and offshore, and domestic students is identical.’ The University of Queensland simply pointed to the fact that its international partnership agreements had been ‘disclosed under the foreign arrangements scheme’. See Natasha Bitá, ‘Australian universities schooling Chinese students in cyber warfare tactics’, *The Australian*, March 7 2023 <<https://www.theaustralian.com.au/nation/australian-universities-schooling-chinese-students-in-cyber-warfare-tactics/news-story/cc1d24953950084b03184014d5e12cf7>>.