

Australia-China monthly wrap-up

August 2023



Key points:

- **Tariffs on Australian barley imposed by the PRC in 2020 are removed.** Wine, lobster, a range of beef products and hay are still affected by PRC trade bans
- **Prime Minister Anthony Albanese says his visit to the PRC will not be a ‘transactional exercise’**, despite suggestions from the opposition that addressing remaining trade disputes and the detention of Australian citizens should be preconditions
- **PRC Education Minister Huai Jinpeng visits Australia**
- **The PRC returns Australia to its Approved Destination Status list**, permitting the resumption of group tours
- **Support for AUKUS is embedded in the Australian Labor Party’s national policy platform**, following heated debates at the party’s national conference
- **Australia continues work towards bolstering its defence cooperation and capabilities, participating in joint military exercises** held with its Quad partners (Exercise Malabar) and the Philippines (Exercise Alon) and **investing in 200 Tomahawk missiles from the US**
- **Australian government ministers and the opposition step up calls for the release of detained Australian citizens Cheng Lei and Yang Hengjun**

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The political relationship overall

Prime Minister Anthony Albanese has continued to maintain that a visit to the People’s Republic of China (PRC) would not be subject to preconditions. On August 6, he [said](#) that his visit would not be a ‘transactional exercise’, noting, ‘I would like to take up the opportunity to visit China. I’ve said the whole way along, even before some of these impediments were removed, dialogue is always a good thing.’ He re-emphasised his position on August 11, [telling](#) press that ‘the visit to China is not a transactional relationship. If we put that forward, then they’ll put forward where they have differences with Australia and we’ll end up not making progress.’

While Opposition Leader Peter Dutton and Shadow Foreign Minister Simon Birmingham [expressed](#) some [support](#) for a leader-level meeting on the sidelines of the G20 in September, less backing was forthcoming for a prime ministerial visit to the PRC. The Shadow Foreign Minister [said](#) that ‘further progress’ with respect to the removal of remaining trade restrictions and the cases of Australians detained in the PRC was needed ‘before the higher status and ceremony attached to a Prime Ministerial visit is entertained’.

At the beginning of the month, vice chairperson of the National People's Congress, Tie Ning, travelled to Australia for a five-day visit, meeting with federal government and opposition representatives,¹ including Assistant Foreign Minister Tim Watts, and members of NSW state government. She [described](#) Australia-PRC relations as 'stable and improving', in line with PRC Foreign Minister Wang Yi's [characterisation](#) of the bilateral relationship last month.

On August 11, Foreign Minister Penny Wong [met](#) with PRC Ambassador to Australia Xiao Qian during which, according to a PRC Embassy [record](#) of the meeting, they discussed 'China-Australia relations, future bilateral visits and other issues.'

This was followed by a visit to Australia by PRC Education Minister Huai Jinping on August 14-15, during which time he [met](#) with his Australian counterpart Jason Clare and Minister for Skills and Training Brendan O'Connor.

Mr Clare [told](#) reporters that they had discussed developing another bilateral memorandum of understanding following the expiry of a previous agreement (2012-2017). He added that they also discussed PRC recognition of online qualifications and the potential for 'twinning degrees'. A [statement](#) released by the PRC's Ministry of Education imputed that the exchange was helping pave the way for a leaders' meeting in the PRC later this year, with the statement describing it as 'part of efforts to implement a significant consensus between President Xi Jinping and Prime Minister Albanese'.

Professor Huai also [met](#) with Governor of Victoria Margaret Gardner and Victorian Premier Daniel Andrews, as well as with the heads of 15 Australian universities, and visited the University of Technology Sydney, the University of Sydney and the University of Melbourne.

During the visit, Australian senior officials also [met](#) with a delegation from the PRC's Ministry of Education for the 6th Australia-China Education Joint Working Group on Education and Research.

The economic relationship overall

Barley

On August 4, the Australian government [announced](#) that it had been notified by the PRC's Ministry of Commerce that Beijing's 80.5 percent tariffs on Australian barley would be removed from August 5, more than three years since they were first imposed.

Consequently, the Australian government will discontinue its legal proceedings on the matter at the World Trade Organization (WTO).

In welcoming the outcome, Australian ministers said that '[i]t affirms the calm and consistent approach that the Albanese government has taken' and 'demonstrates the importance of the WTO dispute mechanism'.

In a [press conference](#) on the development, Trade Minister Don Farrell noted that Senator Wong's trip to the PRC in December last year had 'opened the way to resolving this issue'. He observed that Beijing's tariffs had 'effectively blocked almost \$1 billion annually of sale of barley into the Chinese market'. That said, per the Foreign Minister, Australian barley producers had been able to increase 'their exports to the rest of the world during this period from \$400 million to \$3 billion, an increase of in excess of 600 percent.'

The Trade Minister also highlighted the progress in bilateral trade relations that had been made since the election of the Albanese government: '[S]ince the Labor government came to office 15 months ago we started with about \$20 billion worth of trade impediments; that's now been reduced to about \$2 billion.'

¹ Meetings were held with Senate President Sue Lines, Speaker of the House of Representatives Milton Dick, Assistant Foreign Minister Tim Watts, Chair of the Joint Standing Committee on Foreign Affairs, Defence and Trade of the Parliament Shayne Neumann, Shadow Minister for Science and Arts Paul Fletcher and chair of the China group under the Australia-East Asia Parliamentary Network, Carina Garland.

Prime Minister Albanese [said](#) of the development, ‘This is a good outcome. I welcome the decision that has been made. One in four Australian jobs is about trade.’ He also [highlighted](#), however, the ‘many complexities involved in the decisions of a foreign government, even one as welcome as this’.

The move was particularly welcomed by the state governments of [Western Australia](#) and [South Australia](#), states that had been worst [hit](#) by the barley duties.

Shadow Foreign Minister Birmingham and Shadow Trade Minister Kevin Hogan in a [joint statement](#) underlined that ‘this was the only acceptable outcome’ for ‘illegal and punitive’ tariffs that ‘should never have been imposed in the first place’.

Wine, lobster, a range of beef products and hay are still [caught up](#) in the PRC’s trade bans.

Timber

The Australian Financial Review [reported](#) last month that timber industry sources ‘said trade had been slow to resume’, despite the PRC having [lifted](#) its quarantine ban on Australian timber in May. The news outlet quoted one industry source saying, ‘There doesn’t seem to be any rush to resume. When the log trade to China ceased in 2020, many exporters either found alternative markets or uses for log that would have otherwise gone to China.’

Steel and cement

Climate and Energy Minister Chris Bowen in mid-August [told](#) a meeting of business economists that the Australian government would be examining whether Australia should adopt a carbon border adjustment mechanism – a ‘green tariff’ – to protect domestic steel and cement makers. The implementation of such a mechanism would likely [impact](#) nations such as the PRC and India.

Tourism

On August 10, the PRC’s Ministry of Culture and Tourism [returned](#) Australia to its Approved Destination Status list, permitting the resumption of group tours. The PRC had allowed the resumption of group tours to 20 countries from February this year, and a further 40 countries from March, but did not include Australia.

A new International Development Policy

On August 8, the Australian government [announced](#) a new [International Development Policy](#) which sets out an updated framework for Australia’s development cooperation program and its priorities.

While the policy document does not refer to the PRC by name, the PRC’s role in driving this new guide is implicit in the reference to ‘vexing strategic circumstances’ and in the observation that ‘[t]he security and economic dynamics that have held for decades are shifting.’

In [launching](#) the policy, Foreign Minister Wong said that ‘central’ to the Australian government’s worldview was ‘that each country must be able to determine its own fate and make choices for itself.’ That meant, she said, ‘we don’t engage in the kinds of practices like unsustainable lending that diminish sovereignty.’ She went on to say, ‘We will deliver an effective, transparent and accountable development program.’ These reflect [criticisms](#) Australia had levelled against the PRC’s Belt and Road Initiative in the past.

Regional relationships – Southeast Asian nations

On August 23, Defence Minister Marles visited Malaysia to attend the 3rd Malaysia Australia Joint-Defence Program High Level Committee on Defence Cooperation with his Malaysian counterpart Mohamad Hasan. The nations welcomed progress in the Australian-supported [redevelopment](#) of Butterworth air base in Malaysia² in a [joint press statement](#).

² The Royal Malaysian Air Force Base, Butterworth is jointly used by the Australian Defence Force, Malaysian Ministry of Defence and Malaysian Armed Force.

Mr Marles then travelled to the Philippines for Exercise Alon, the inaugural joint amphibious exercise featuring more than 2000 troops from Australian and Philippine forces, with support from US Marine Corps personnel from the Marine Rotational Force – Darwin, meeting with Philippines Defence Secretary Gilberto Teodoro on the sidelines on August 25. The defence ministers ‘recommitted to planning permanent joint patrols in the South China Sea/West Philippine Sea’, ‘reaffirmed our support to elevate our relationship to a strategic partnership’, and ‘committed to expanding some of our bilateral activities in the future to include other countries committed to sustaining peace and security in our region.’

The defence ministers were joined by President Ferdinand Marcos Jr to watch the drills.

While in the Philippines, Mr Marles said:

We really do conceptualise that our national security and national interest lies beyond our borders. It really does lie in this part of the world. That’s because a whole lot of damage can be done to Australia before any potential adversary setting foot on our shores.

The visit came against the backdrop of further provocative actions by the PRC in the West Philippine Sea/South China Sea, with a PRC coast guard ship using a water cannon against a Philippine resupply vessel near Second Thomas Shoal on August 5.

On August 22, Foreign Minister Wong visited Vietnam for the fifth annual Australia-Vietnam Foreign Ministers’ Meeting. While there, she announced \$94.5 million in funding for climate change adaptation in the Mekong Delta.

Australia is also supporting Indonesia’s bid to join the Organisation for Economic Co-operation and Development. Citing ‘people familiar with the campaign’, *The Australian Financial Review* reported on August 30 that ‘Australian officials are working behind the scenes at the OECD’s headquarters in Paris and from Canberra to lobby the organisation’s mostly wealthy 38 member countries for Indonesia to join.’ Indonesia is the first ASEAN nation to file for OECD membership.

Regional relationships – Pacific Island nations

On August 16, the Prime Minister announced a partnership with the National Rugby League to establish the Pacific Rugby League Championships, committing \$7 million over the next two years to the initiative.

On August 28, the Federated States of Micronesia received a second Australian-made Guardian-class patrol boat during a handover ceremony attended by Deputy Prime Minister Marles and FSM’s Vice President Aren B. Palik.

AUKUS

Debate at the Australian Labor Party’s National Conference

The Australian Labor Party’s 49th National Conference, convened between August 17-19 in Brisbane, saw the most extensive political debate of the AUKUS nuclear submarine deal yet, driven by concerns, primarily from Labor’s Left faction, about various aspects of the proposal including its costs, the potential that it would stoke an arms race or fuel nuclear proliferation, and the danger that the program could make Australia a strategic target in the event of an outbreak of hostilities between the PRC and the US.

In a move to address the rift within the party, with opposition to the deal articulated by more than 50 branches and federal electoral councils, Defence Minister Marles and Defence Industry Minister Pat Conroy moved a 32-paragraph statement laying out the party’s reasons for supporting the acquisition of nuclear submarines and assurances about their delivery, including a commitment to ‘secure, well-paid unionised jobs’, which was to be appended to the party’s national policy platform.

The Prime Minister and his senior ministers articulated the broader strategic calculus motivating the decision, implicitly and explicitly invoking the PRC's military rise as justification. They also emphasised that AUKUS was not intended to undermine diplomatic efforts to maintain peace, highlighting a commitment to the twin pillars of deterrence and diplomacy.

Prime Minister Albanese [told](#) delegates that AUKUS was 'an act of clear-eyed pragmatism'. He said:

We have to analyse the world as it is rather than how we would want it to be.

We have to bring our defence capabilities up to speed.

And AUKUS is central to that.

The Defence Minister was more forthright in his [remarks](#), emphasising that '[i]n the year 2000, China had six nuclear-powered submarines' and that '[b]y the end of this decade, they will have 21.' He added that over the same period the PRC's inventory of major warships would rise from 57 to 200. He went on to say, 'These are not our choices. But this is the world in which we live. And it is our unavoidable obligation to navigate our way through it.'

He described the Liberals as 'defence dilettantes', portraying Labor as 'the true party of Australia's national defence.'

Defence Industry Minister Conroy adopted the hardest line, [likening](#) the stance of dissenters to AUKUS to Robert Menzies' 'arguing for appeasement', and [warning](#) delegates that 'strength deters conflict and appeasement invites conflict'. He [said](#) it was against Australia's interests to have 'one power dominate our region, especially one that breaches international laws'.

Foreign Minister Wong [spoke](#) of 'encroachments' close to home 'on the ability of countries to make their own decisions... including unsustainable lending and coercive trade measures, political interference and disinformation... [and] the ability of countries to contribute to regional balance.' She stated, 'If any country thinks that they can dominate another, the risk of conflict increases'.

In [speaking](#) against the deal, Labor MP for Fremantle Josh Wilson, pointed to a lack of 'appropriately rigorous process' in the Morrison government's decision to acquire nuclear-powered submarines. He said that 'these matters... require greater scrutiny rather than less and should never, ever be advanced on the basis that they are the decision-making preserve of some defence and security establishment.' He noted further:

Deterrence is a valid strategic concept and submarines certainly have a deterrent value, but deterrence is not a one-word justification for any and every defence acquisition and anyone who thinks the intention to extend the scope of one's threat capacity only serves to reduce the potential for conflict has not looked very closely at the history of conflict.

Labor Party support for AUKUS was ultimately endorsed by conference on the voices and embedded into the party's national policy platform.

The opposition sought to continue wedging the Labor Party on national security. In an [open letter](#) to the Australian Labor Party 'appeal[ing] to members to vote down those motions which oppose AUKUS' published in *The Australian* on August 17, Opposition Leader Dutton wrote, 'For the security of our nation, we cannot afford to have Labor factionalism determine foreign or defence policy.' He had earlier [said](#) of Labor's public debate, 'I don't think it's helpful, and I think it undermines the credibility of the Labor Party.' Shadow Foreign Minister Birmingham [stated](#) that 'what the divisions demonstrated first and foremost was that Labor could never have initiated AUKUS.'

Beijing's response

Beijing's response was relatively muted, repeating the [exhortations](#) it has made in the past that bilateral or multilateral defence agreements should be 'not target any third party or harm others' interests', and [characterising](#) AUKUS as an 'exclusionary grouping' centred around the US.

South Korea and Japan's inclusion

The UK Parliament's Foreign Affairs Committee at the end of August [called for](#) 'the government to propose to Australia and the United States that Japan and South Korea be invited to join an AUKUS technological defence cooperation agreement, focused on Strand B activities only.' It also proposed that the UK 'should seek to join the Quad.'

In relation to the AUKUS expansion proposal, *The Guardian* [reported](#) that 'it is understood the Australian government wants to ensure the advanced tech initiatives are delivering new capabilities for the existing AUKUS partners in the first instance'.

Exercise Malabar

From August 10 to 21, forces from Quad nations Australia, India, Japan and the US participated in Exercise Malabar in Sydney, marking the first time the joint naval drills had been [hosted](#) by Australia since its return to the exercise in 2020. More than 2000 personnel from the four nations' defence forces participated in the exercise.

The exercise coincided with the [entry into force](#) of the Australia-Japan Reciprocal Access Agreement on August 13.³

Acquisition of Tomahawk missiles

On August 21, the Australian government [announced](#) that it had purchased 200 Tomahawk cruise missiles from the US at a cost of approximately \$1.3 billion, enabling Australia 'to hold our adversaries at risk further from our shores'. Australia is only the second nation outside the US to receive the advanced missiles, the other being the two nations' other AUKUS partner, the UK. The government also allocated a further \$500 million to [acquire](#) two other classes of long-range strike missiles from the US, bringing the investment total to \$1.7 billion.

While the official response from Beijing in international fora has not been overly [sharp-edged](#), the finalisation of the deal was more strongly critiqued in PRC state Chinese-language media. The People's Liberation Army (PLA)-operated *Zhongguo guofang bao* (中國國防報) [cited](#) unnamed experts as saying that 'Australia is frequently strengthening military cooperation with the US and accelerating the construction of a military bloc. This is having a negative impact on the region and is harmful to everyone involved'. An article from the CCTV Military Channel (Yongguang junshi 央广军事) [said](#) that the sum of the procurement and other developments show that Australia has become the US' 'military base' and 'enforcer,' and that 'this will expose Australia to great political and military danger.'

Detention of Australian citizens

On August 13, Foreign Minister Wong issued a [statement](#) marking three years since Australian citizen Cheng Lei was detained in the PRC. Later in the month, she [said](#), 'I work to bring whatever influence I can to advocate for Ms Cheng Lei, also for Dr Yang [Hengjun]. We have made clear at all senior levels in our engagement with China and our Chinese counterparts that these are important matters.'

The Prime Minister on August 14 [stated](#), 'Cheng Lei should be released. This is three years too long.'

³ Under the agreement, Japanese F-35s will deploy to RAAF Base Tindal for the first time at the end of August, Australian F-35s will be deployed to Japan for the first time in early September and Australia will participate in Exercise Yama Sakura, an annual bilateral, command post exercise between Japan and the US, as a full participant for the first time in December.

Shadow Foreign Minister Birmingham [articulated](#) the Coalition's 'continuing bipartisan support to the government for all efforts to secure the release of Ms Cheng. This applies also to Dr Yang'.

Dr Yang, who has now spent more than four-and-a-half years in detention, has [expressed](#) the fear he will die in prison following the discovery of a cyst on his kidney after a medical examination.

Ahead of the three year anniversary of her detention, Ms Cheng dictated a [message](#) for the Australian public to an Australian consular official. She said, 'I miss the sun. In my cell, the sunlight shines through the window but I can stand in it for only 10 hours a year... Most of all, I miss my children'.

Xinjiang

On August 31, Shadow Foreign Minister Birmingham released a [media statement](#) marking a year since the release of a [report](#) by the Office of the United Nations High Commissioner for Human Rights on the situation in Xinjiang. The report's overall assessment was that 'serious human rights violations' had been committed by the PRC government.

Senator Birmingham called for the Australian government 'to use the Magnitsky-style sanctions at their disposal', criticising the 'inaction' that stood 'in contrast to the actions taken by the European Union, UK, US and Canada who have pursued those responsible with targeted sanctions'.

Praise from Germany

Germany's Foreign Minister Annalena Baerbock, in a [virtual address](#) to an Australian audience, praised Australia's navigation of the PRC's trade disruptions, saying, 'You have actually been a role model in not bowing to that pressure. I want to express my great respect for the courage and resilience as well as the sense of proportion that you demonstrated.'

She added that Germany had 'learned a lot from Australia' on investment screening processes for critical infrastructure, noting 'We closely followed your debate on leasing a strategic port to a company from China. We followed your debate... on 5G, on cyber security. This has clearly shaped our policy responses.'

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