

Take it up a notch

James Laurenceson

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Since the Anthony Albanese-led Labor government came to power in May 2022, Australia's bilateral relationship with China has been on a positive trajectory.

Dialogue between senior political leaders has been regularised. The highlight of the restoration of dialogue to date has been his official visit to China last November.

A positive trajectory in bilateral relations has been charted despite neither Canberra nor Beijing making statements or adopting policy positions that have compromised their respective national interests.

And each side continues to have reservations about the other. Sometimes, as Chinese ambassador to Australia Xiao Qian acknowledged in January 2023: 'We even have disputes.'

Yet, entering 2024 there is considerable cause for optimism around the bilateral relationship.

This is because both sides have reverted to a tried and tested diplomatic formula: differences are acknowledged, but in light of the two countries' enormous common interests, there is agreement that these differences should not define the overall relationship.

To be sure, the differences are not trivial, and this means there will be an inevitable stream of developments requiring careful management.

The recent incident involving Australian and Chinese naval vessels in the East China Sea is a case in point. While the incident was plainly not a positive one, and the two sides made clear their positions and these were at odds, neither sought to hype its significance and the overall positive trajectory in bilateral relations was not derailed.

The AUKUS agreement represents a greater challenge.

Canberra claims that AUKUS supports stability and state sovereignty by contributing to a 'strategic equilibrium' in a multipolar region.

But Beijing, as well as a significant section of the Australian public, assesses that it effectively amounts to Canberra signing up to a Washington-led containment strategy of China. This grates because previous Australian prime ministers promised their Chinese counterparts that Australia's security alliance with the

United States ‘was not in any way directed at China’. Moreover, in November 2020, even then prime minister Scott Morrison insisted that while the US was in strategic competition with China, Australia was not.

The foreign policy stances that Beijing might regard as reasonable and measured can also easily be perceived differently in Canberra, driving it to tighten strategic alignment with other capitals that share these anxieties. In 2014, President Xi Jinping told the Australian parliament that he understood other countries see China as ‘the big guy in the crowd’ and worry that the ‘big guy may push them around’.

The danger is obvious: an insecurity spiral.

But while managing differences might not be easy, the benefits from constructive engagement are plain to see.

Last year, the two-way trade in goods hit a record high of \$230 billion, up 9.8 percent on 2022.

People-to-people ties are roaring back too, following the COVID-19 pandemic. Between July and November, 33,380 visa applications were lodged by prospective Chinese students at Australian universities. This was up 16 percent on the previous pre-pandemic high.

When speaking with my Chinese colleagues, they express a sense of satisfaction that the bilateral relationship has now been ‘stabilised’. But there is also a strong desire to move beyond ‘stabilisation’. The risk they detect – correctly, in my view – is that if the two sides lack ambition, then fears and misunderstandings arising from differences can easily well up.

So, what might a practical agenda for positive and constructive Australia-China relations in 2024 look like?

Why not begin with a friendly port visit to Australia by a Chinese naval vessel? The howls by Australia’s China hawks that would accompany such a visit are predictable. But it would be a powerful demonstration of the point made by Angus Houston, former chief of the Australian Defence Force, in October 2020: ‘China is our partner. China is not our enemy. Let’s get that very straight.’ It would also follow naturally from the resumption of dialogue between the two militaries that took place in both Australia and China last year.

Beijing could also rescind the remaining sanctions imposed in 2020 that still affect Australian exports of wine, lobster and beef.

Canberra could make clear that there is no blanket ban on Chinese investments in Australia’s critical mineral sector by approving some proposals.

Such moves do not represent ‘concessions’. Both the Australian and Chinese economies would benefit and neither side would be compromising their national security.

And mutual trust would be enhanced, setting the stage for pursuing even more ambitious cooperation.

Professor James Laurenceson is Director of the Australia-China Relations Institute at the University of Technology Sydney.