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## **Great Leap from Down Under Australia-China Relations**

**By Andrew Symon  
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Australia's Prime Minister, John Howard, celebrating 10 years in office, is often seen by his critics as aligning Australia too closely with the US - to the detriment of relations with Asia.

But while it is true that Australia is one of the US' staunchest allies, as its contribution to the Iraq war shows, Howard and his conservative Liberal National Party coalition government have also presided over a dramatic strengthening of trade, investment, person-to-person and political links with China.

Certainly Australia's relations with China have been good for a long time. But it is under Howard, who, paradoxically many stylise as a 1950's man, wanting to retune Australia to the perceived harmonies of a more socially conservative, predominantly monarchist and mainly white Anglo Australian society, that China relations have really taken off.

This is a remarkable change from an historical perspective - and the implications for the way Australia thinks about itself and shapes its international relations are profound.

For much of last century, China was something of a bogey for Australia. In 1901, the newly federated Commonwealth of Australia put in place restricted immigration - the "White Australia policy" - largely to keep out cheap Chinese (and also Pacific island) labour. Racism was intertwined with argument that Chinese immigration would undercut wages of white workers. Then, in the 1950s and 60s, it was China as the Communist menace and architect of insurgencies and war to Australia's north

But along with this fortress mentality, there also were outward looking visions of new relationships that could be created between Australia and Asia. These became more influential after 1945. By the 1970s, Australia had entered more open and broader relations with Asia. The White Australia policy was being dismantled by the mid 1960s and was buried in 1973 after the Whitlam Labour Party government took office. Under

Whitlam, Australia established diplomatic relations with Communist China, ahead of the US and from then on there has been a steady development of ties.

Things though have accelerated since the late 1990s. China has become Australia's second most important goods export market, behind Japan and ahead of the US and the second largest source of goods imports after the US with Japan in third place. China's seemingly insatiable appetite for raw materials is a bonanza for resource rich Australia. Combined with low priced manufactured Chinese, this is giving Australia its best terms of trade in decades.

The latest pointer to the bearing the Middle Kingdom now has on Australia's prosperity is Australia's expected export of uranium oxide to fuel China's ambitious nuclear power plans. Australia holds the world's largest reserves of uranium ore. Export of yellow cake has been controversial, however. Governments have restricted who can buy because of fear of nuclear accident and weapons proliferation. Howard says that as China, unlike India, has signed the 1968 international non-proliferation treaty, Canberra can negotiate safeguard terms for export.

Chinese investment will also grow especially in energy and minerals. Last month, the state owned Sinosteel Corporation dangled US\$ 3 billion in front of Australian iron ore miners at a conference in Perth. Already an investor in Australian mines, Sinosteel said it wanted to partner new projects in Australia and elsewhere to diversify supply.

Services trade is also growing by leaps and bounds. There are now more than 80,000 Chinese students in Australia, more than from any other country, compared with less than 10,000 in 1999. Tourism is another market with Beijing designating Australia in 1999 the first western country as an approved destination, making it easier for Chinese to travel down under. In 2004-05, 195,000 PRC citizens entered under visitor visas compared with 55,000 seven years before. Of these some 40 percent were business visas.

Immigrants from China are also rising. In 2004-05, 11,095 Chinese settled permanently in Australia, the third highest after the UK and New Zealand, compared with 4,338 in 1997-98, and this does not include Hong Kong immigrants.

Of course, Australia, one of the world's leading commodity exporters, could not but help be buoyed by China's growth. But Canberra is not content with being passive and is seeking to leverage relations further through an Australia China "free trade" agreement now under negotiation.

And it was concern, at least in part, that Australian exporters could suffer if Australia were locked out of an emerging China-Asean preferential trade area that led Howard, after early refusal, to agree that Australia would commit to the Asean amity treaty so that Australia could attend the inaugural East Asia Summit in Kuala Lumpur last December.

The importance Howard places on relations with the fast developing and politically more assertive China was clearly shown when he invited China's then new President, Hu Jintao

to address the Australian Parliament in October 2003. It was the first time an Asian leader had this opportunity and only the fourth foreign leader to do so. Magnifying the symbolism, Hu's speech came a day after that by US President George Bush.

But the extent to which Australia's prosperity is hitched to China may also pose political dilemmas. This is not because all of a sudden Australia is gaining from ties with an Asian country. Australia has long benefited from trade and investment with and from Japan. But this grew from the late 1950s when Japan, having turned away from its earlier belligerence, had established a democratic system and was firmly under the US umbrella.

But how China evolves politically domestically and internationally is not clear. If rivalry does grow between China and the US, and China and Japan, Beijing may expect Canberra to take positions at odds with its traditional alignments. Already the question of what line Canberra should take over Taiwan has seen some divergence between Australia and the US. What should Australian policy be towards human rights in China is another question which could see tensions between Australia's economic self interest and its liberal democratic values. One small casualty illustrating this occurred at the time of President Hu's address. Tibetans were not allowed to enter the parliament's public gallery in case they might disrupt Hu's speech.

Socially, too, there must be some uncertainties in terms of adjustment to stronger and broader relations with China. Export of commodities alone does not have much of an impact on ordinary Australians in terms of their sense of China's influence on their fortunes. But what they will more directly feel and see are increasing imports of manufactured goods that threaten local jobs, increasing Chinese investment and ownership within Australia, and increasing numbers of Chinese tourists, students and residents. All this may yet challenge Australian society.

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