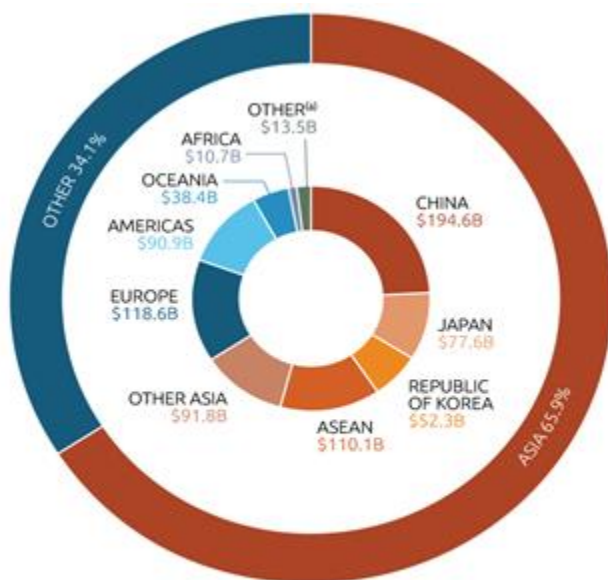


China-Australia relations in sharp downturn

Already strained tensions between China and Australia escalated after Chinese Foreign Ministry spokesman, Zhao Lijian, tweeted an image of an Australian soldier slitting the throat of a young Afghan boy in reference to an independent investigation into war crimes that found Australian soldiers had executed two boys and other Afghan prisoners over several years.

Following the tweet, Australian Prime Minister Scott Morrison demanded an apology from Beijing yet also said he “aims for happy coexistence” with China as import curbs continue to weigh on Australian businesses. The same day, however, Australia’s parliament passed legislation giving the federal government power to veto any agreements struck with foreign states if they adversely affect Australia’s foreign relations or foreign policy” – a move seen as targeting Beijing.



Source: Australian Department of Foreign Affairs and Trade

China-Australia tensions have been gaining momentum for a while. Australia has been outspoken in its criticisms of China and quick to implement hostile policies, including being the first to call for an investigation into the origins of Covid-19 and the first to ban Huawei from its telecommunications networks in 2018. China has steadily retaliated with a number of import restrictions on billions of dollars’ worth of Australian products, as well as recently listed “14 grievances” about Australia’s foreign investment, national security and human rights policies, calling on Canberra to take steps to mend relations.

Over the 2018-2019 fiscal year, China was Australia’s largest trading partner, with two-way trade more than twice that of Australia’s trade with

Japan – its second largest trading partner. Australia is highly dependent China’s market yet at the same time hostile to China politically which has sparked public outrage in China. Public opinion will therefore significantly impact China’s foreign policy towards Australia, with no clear-cut division of the political and economic aspects of the relationship.

China’s measures targeting Australia have prompted the Trump Administration to launch a joint retaliation plan that would allow the West to push back against China’s economic coercion. In addition, the Inter-Parliamentary Alliance on China, which is made of more than 200 MPs from 19 countries, launched a campaign asking consumers to buy Australian wine.

In anticipation of multilateral opposition to China under Biden’s leadership, Beijing may be expected to weaken the prospects for such an alliance by increasing its defenses against Western criticisms and using Australia as an example of the costs of such criticisms. China’s

foreign vice-minister Le Yucheng defended the use of rhetorical “tit-for-tat” by some of the Chinese “Wolf Warrior” diplomat style, saying that if other countries constantly interfere, nag, insult and discredit China, China has no choice to but defend its national interests and dignity.

Given China’s dependence on Australia for iron ore, however, and as the costs of hostilities become less bearable, the two sides may stop this “battle” and change their approaches to bilateral relations. Even so, some areas of bilateral trade may never be restored to previous levels, as Australian businesses may also view their over-dependence on China as a major risk.