

Australian PM visits China amid sharpening regional tensions

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Australian Prime Minister Julia Gillard has just completed a five-day trip to China that concluded a currency swap agreement and a “strategic partnership” deal that have been hailed in the Australian media as a strengthening of bilateral ties. The visit took place, however, amid deepening regional tensions, most graphically on the Korean Peninsula, produced by Obama’s aggressive “pivot” or strategic encirclement of China, to which Australia is fully committed.

Far from bringing China and Australia closer, Gillard’s trip has only heightened the irresolvable dilemma confronting Australian capitalism, which is economically dependent on China as its largest trading partner, but relies on its longstanding alliance with US imperialism to defend its strategic interests in Asia and around the world.

The Australian corporate elite welcomed the immediate results of the trip. The Australian dollar is now directly convertible to the Chinese yuan, cutting costs for Australian companies doing business with China. The move also positions Australian banks and corporations to take advantage of China’s foreshadowed opening up of its capital markets.

Gillard announced the deal on Monday flanked by Australian bank executives. “Around the world, countries are competing for China’s attention,” she boasted. “We will command attention here in China.” Gillard was accompanied on the tour by Foreign Minister Bob Carr, Trade Minister Craig Emerson, Financial Services Minister Bill Shorten and a large business delegation of more than 100 corporate leaders.

After meeting with Chinese Premier Li Keqiang on Tuesday, Gillard announced “a new bilateral architecture” to strengthen relations between China and Australia. The “strategic partnership” will include annual meetings between the Australian prime minister

and the Chinese premier, as well as separate talks each year on foreign policy and on trade and economic issues. Australia joins the US, Russia, Germany and Britain as the only countries to have similar arrangements with China.

Murdoch’s *Australian*, which has been highly critical of the Gillard government for failing to sufficiently drive through the corporate agenda of restructuring and austerity at home, welcomed the announcement. Today’s editorial, while cautioning against over-enthusiasm, declared: “It has been a good week for Julia Gillard and a good week for Australia’s interests in China.”

This assessment, however, is designed to hoodwink the Australian public as to the real dangers that it confronts from the geo-political tensions being generated by the Obama administration’s confrontational policies toward China. Beijing is well aware that the US is using Australia as a key strategic base for war preparations against China, particularly to threaten the shipping lanes through South East Asia on which China relies for its vital imports of energy and minerals from Africa and the Middle East.

As quoted in the *Sydney Morning Herald*, Colonel Dai Xu of the Peoples Liberation Army’s National Defense University explained: “Australia is one of the links in America’s encirclement of China. The first step of [America’s] strategic eastward move was to send troops to Australia. The Sino-Australian relationship has been good always, very good—[Gillard] can of course say that, but in China we say, ‘Listen to what they say, watch what they do’.”

If the new Beijing leaders signed agreements with Canberra, it was to try to counter the growing threat posed to China’s economic and strategic interests by Obama’s aggressive intervention in Asia. Beijing

understands Australian capitalism's heavy economic dependence on exports to China and has focussed on strengthening business ties to increase its bargaining power and encourage layers within the Australian corporate and political establishment that have been critical of Gillard's alignment with Obama's "pivot."

A comment in China's state-run *Global Times* on Tuesday urged the Australian government not to take economic relations with China for granted. After complaining about the "seemingly discriminatory approach to Chinese firms" investing in Australia, it drew attention to the "whole battery of US bases corralling China" throughout Asia and in Australia in particular—including US Marines in Darwin, the stationing of drones on Cocos Island and the possible use of the Stirling naval base in Western Australia as a home port for an entire US aircraft carrier battle group.

"The Australian government needs to place the interests of the people of Australia first," the *Global Times* comment declared. "Australia should make clear that it will not be party to a US military build-up or facilitate storage, carriage or use of nuclear weapons of any kind within its borders or partake uncritically in any US-led war." The article hinted that Australian support for US actions against China would have economic consequences. At present, it stated, Australia treated China as "an endless supply of investment funds and a customer base for its products and services" but "at some point in time [Beijing will] realise the rather one-sided nature of the relationship."

During her trip, Gillard also secured closer military ties between Australia and China. Gillard told the Australia China Economic and Trade Forum on Tuesday: "Defence cooperation, which is already far broader and more effective than I think is generally understood, will grow." China will be asked to send warships to take part in events later this year to mark the 100th anniversary of the arrival of the Australian navy's first ships in Sydney Harbour.

Far from easing tensions, these defence arrangements are simply the means for China and Australia to size up each other's military apparatus. Lowy Institute analyst Rory Medcalf told the *Australian* that "it made sense for Australia, as a US ally, to keep open channels of defence dialogue with the Chinese during tense times when US-China and US-Japan links were on hold." He also noted: "In the end there will be limits to the kind

of real military trust that can be forged between the forces of a US ally and a country [China] that is uncomfortable with the regional strategic order."

The negotiation of economic agreements and a "strategic partnership" with Beijing cannot disguise the fact that the Gillard government, behind the backs of the Australian people, has signed up to the preparations of the Obama administration for war against China. In its efforts to block a potential challenge from China to its global domination, the US is recklessly raising tensions throughout the region and around the world, and heightening the danger of a slide into confrontation and conflict.



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