

# Chinese president seeks to use trade to counter US “pivot”

James Cogan  
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Chinese President Xi Jinping addressed a joint session of the Australian parliament yesterday, as part of an official state visit following last weekend’s G20 Leaders Summit. His speech was a carefully-crafted response to President Barack Obama’s remarks in Brisbane on Saturday in which Obama stressed that the US “pivot to Asia” and its provocations and war preparations against Beijing will only intensify in the coming period.

Australia is a linchpin of the US “pivot,” announced by Obama in the Australian parliament in 2011. Canberra is a treaty-bound ally of Washington. The political establishment has made clear over the past three years that, if the need arises, it will join the US in a war against China. Australia is the base for some of the most critical American communications and spy facilities in the region, and hosts regular deployments of US marines, warships and aircraft. In the event of an open conflict, US and Australian forces will impose a naval blockade of the key sea lanes through South East Asia and seek to strangle China economically by cutting off its access to energy and raw materials from the Middle East, Africa and Australia itself.

At the same time, China is Australian capitalism’s largest trading partner, purchasing huge quantities of iron ore, coal and gas, and sending tens of thousands of high fee-paying students to Australian educational institutions. Chinese firms and individuals are steadily increasing their investment into the country, while Australian-based banks, insurance companies and agribusiness are looking to the Chinese urban middle classes as a vast potential market in which to expand their operations.

With the world economy mired in a worsening slump and geo-political tensions rising, Xi’s address sought to exploit the dilemma facing the Australian corporate

elite. By 2020, he declared, China would purchase \$10 trillion worth of imports, export \$500 billion in investment capital and provide 500 million tourists. Rather than threatening economic retaliation over Canberra’s participation in the US war preparations, Xi implied that Australia could gain a significant share of this promised bonanza, so long as the two countries adhered to “win-win cooperation” and “respected each other’s core interests.” This would necessarily involve Australia shifting from its unconditional alignment with Washington’s foreign policy.

In a pointed reference to the United States, Xi remarked that “a war-like state will eventually fall” and “vanish from history.” Australia and China, he said, “have every reason to go beyond a commercial relationship, to become strategic partners, who have a shared vision and pursue common goals.” The two countries, he stated, did not have “historical problems”—a barb directed against Japan, which fought World War II against both China and Australia. They should be “harmonious neighbours who stick together through good and bad.” Australia and China had to be “on high alert for factors that may deprive us of peace.”

Xi sought to answer the concerted campaign by US, Australian and Japanese politicians and think-tanks to portray China as an expansionist military threat. Likening China to a “big guy” in a crowd, he said: “Others will naturally wonder how the big guy will move and act and be concerned that the big guy will push them around, stand in their way or even take up their place.”

However, Xi said, his country was “unshakeable” in its support for peace because it was “ravaged by war” in the past and “needs peace” to continue to develop. Referring to the maritime disputes between China and its neighbours, which the US has stoked up, Xi declared

that they could be peacefully resolved, as China had done in other territorial disputes. But he insisted that China would not abandon its “core interests”—these include claims over Taiwan and in the South China and East China Seas.

Xi’s speech was not simply directed to the corporate elites in Australia but throughout the region, where the US has been engaged in sustained efforts to undermine Chinese influence. His message from the floor of the Australian parliament was that, in contrast to the US, Beijing had much to offer economically.

Xi’s point was underscored by the signing of a generous Free Trade Agreement (FTA) with Canberra that has been the subject of fraught negotiations for the past decade. *Australian Financial Review* analyst Laura Tingle described it as a “stunning, transformational agreement ... which frees up trade in goods, capital and people with the superpower in a way which would have seemed unimaginable even a few years ago.”

Existing tariffs on most minerals, agricultural and seafood products will be eliminated or substantially cut for Australian exporters, in many cases within four years, or else over 10 years. There is substantial access to Chinese markets for Australian service providers—including in health, aged care, education, engineering, corporate law and insurance. Australian Trade Minister Andrew Robb said this access was “the best ever deal China has done by a country mile.”

In a significant concession, China accepted Canberra’s demand that any investment in Australia by Chinese state-owned companies still be subjected to a government review. Only private companies will be permitted to invest up to \$1 billion without scrutiny, as is the case for corporations from the US, Japan and elsewhere. In 2012, Beijing reacted angrily when the previous Labor government banned China’s state-owned telecommunications giant Huawei from investing in Australia’s broadband network on the grounds of “national security.”

These overtures to Australia are a significant gamble on Beijing’s part. Lacking any credible means to respond militarily to the US, the Chinese regime is using the prospect of market share and profits to try to lure a key US ally into closer economic relations. It is no doubt hoping that the development of stronger commercial ties will over time encourage a strategic realignment by Australia and other countries with

strong stakes in the Chinese economy.

However, the ever-growing danger of war arises precisely from the determination of US imperialism to use every available means to secure its dominance in Asia and the world. The US “pivot” is aimed at undermining China economically and politically before it ever becomes a serious challenge to US interests.

The strategy of the venal Australian capitalist class is to make as much money out of China as it can, while all the time preparing to go war at Washington’s bidding.



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