

Australia's prime minister to make state visit to China

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Prime Minister Malcolm Turnbull will make a two-day state visit to China on Thursday and Friday, joining his trade minister and as many as 1,000 Australian business figures who are in the country for “Australia Week in China.” Some 140 corporate events are taking place in 12 major Chinese cities, focussed on business opportunities in areas as diverse as agricultural products, health services, aged care, financial services and tourism. The events are designed to cash in on last December's signing of the China-Australia Free Trade Agreement.

China is Australia's largest export market, largest trading partner and a growing source of foreign investment. As the size of the business delegation this week indicates, numbers of Australian companies are seeking to expand the relations, including in a range of new areas. At present, the overwhelming proportion of Australian income from China comes from the export of raw materials—particularly iron ore—and Chinese students studying in Australia and over one million Chinese tourists travelling to Australia each year. The free trade agreement has opened up new avenues for agricultural exporters and service providers.

The Fairfax media in Australia noted last weekend that the Chinese regime was giving a “red carpet welcome” to Turnbull. Chinese Premier Li Keqiang will host a state banquet for him on Thursday night, following a speech Turnbull is due to give to some 1,800 Australian and Chinese guests. On Friday, he will hold talks and another banquet with Chinese President Xi Jinping.

However, the fanfare surrounding the trip cannot conceal that the conditions in which Turnbull will arrive in China are fraught. Among the issues that could emerge are allegations that China is dumping steel on world markets; changes to Chinese import

taxes that have caused sharp share price falls for major Australian exporters this week; and, most obviously, the increasing conflict with China provoked by the US and its allies, including Australia, over Beijing's territorial claims in the South China Sea. The prospect of greater economic opportunities could be shipwrecked by clashes over trade or an open diplomatic rift over foreign policy.

The question of foreign policy looms as the most contentious during Turnbull's visit. Even as economic ties with China have been burgeoning, Australia, as a key US military ally in Asia, is functioning as one of the active partners in the Obama administration's aggressive “pivot” and military build-up in the region against China.

Over the years, US officials and military commanders have not hesitated to interfere in domestic Australian politics to pressure the political establishment not to permit economic ambitions to disrupt its alignment with Washington's war preparations against China.

In June 2010, US “protected sources” in the then Labor government ousted Kevin Rudd as prime minister, who was viewed in Washington as out-of-step with its confrontational approach to China, and replaced him with the US embassy-vetted Julia Gillard. President Obama, flanked by Gillard, announced the “pivot” on the floor of the Australian parliament in November 2011, along with greater US military operations from Australia. Australia hosts regular visits by American warships and aircraft and a rotation of US Marines, while its own armed forces are closely integrated with their American counterparts.

In June 2014, Hillary Clinton, who had only just recently stepped down as secretary of state, publicly admonished the Coalition government headed by Tony Abbott for the manner in which it was pursuing a free

trade agreement with China. She declared it was a “mistake” for Australia to send a 630-strong trade delegation to China. “It’s a mistake whether you’re a country, or a company or an individual to put, as we say in the vernacular, all your eggs in one basket.” This prompted the terse rejoinder from Malcolm Turnbull, then a government minister: “I’m sure that we’d love to export vast quantities of iron ore to the United States but they’ve never shown any enthusiasm in buying them.”

Later in 2014, the Obama administration intervened even more aggressively to overturn the initial decision of the Abbott government to join the Chinese-initiated Asia Infrastructure Investment Bank (AIIB). Australia complied with US demands, only to change its position after Britain and other powers defied Washington and sided with Beijing to establish the bank.

New differences have emerged since Turnbull, who has been critical of US policy, became prime minister through a factional coup against Abbott in the Liberal Party last September. The Obama administration has made clear its displeasure that Washington was not informed that a Chinese company was to be awarded the contract to the civilian port in the strategic northern Australian city of Darwin. A series of US military commanders have given press conferences applying pressure on Turnbull to join the US in conducting provocative “freedom of navigation” operations inside the 12-nautical-mile territorial limit around Chinese-held islets in the South China Sea.

The US military has, to date, conducted two “freedom of navigation” operations—in October and again in January. The Turnbull government has responded with a diplomatic balancing act. On the one hand, it has declared its complete support for the actions of its US ally and its fraudulent pretext of “freedom of navigation.” On the other, it has not carried out a similar Australian operation despite pressure from Washington and the opposition Labor Party to do so.

On the very eve of Turnbull’s visit, the Obama administration is ratcheting up tensions with Beijing, with media leaks that a third freedom of navigation deployment is imminent and a visit by Defence Secretary Ashton Carter to the Philippines—one of the main contenders with China over territory in the South China Sea. The US is standing behind a legal action by

the Philippines government in the Court of Arbitration in The Hague, seeking a ruling that Chinese claims are illegal under international law. Australia has also endorsed the case.

The editorial of Murdoch’s *Australian* yesterday noted that a “confluence of events” could “significantly escalate tensions, potentially causing a major confrontation with the US and its allies.” It warned Turnbull that he must use his talks with the Chinese leadership to make clear Australia’s support for the US and “leave Beijing in no doubt about Australia’s deep concern over crucial strategic issues like China’s increasingly provocative actions in the South China Sea.”

A comment in yesterday’s China’s hawkish state-run *Global Times* issued diametrically opposed advice. It noted: “While collecting economic gains from Beijing, Australia is seeking security benefits from Washington, and even following in the White House’s footsteps to contain the rise of China.” Implying that Australian economic ambitions could be at risk, it concluded: “Getting rid of its inconsistent attitude toward Beijing, gradually reducing its political distrust against China, and striving for more cooperation with it will best serve Canberra’s interests.”

Every word and action of Turnbull over the next several days will be subject to intense scrutiny within the Australian political establishment, as well as in both Washington and Beijing.



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