

Policy initiatives and diplomatic messaging to stabilise relations with China

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Following steadily warming diplomatic rhetoric from China starting in December 2021 and softer language from Australia in the second half of 2022, leader-level contact between Canberra and Beijing resumed in November 2022.¹ In the wake of this engagement and frequent ministerial contact since June 2022, both governments are now openly talking about the possibility of stabilising ties and getting the relationship “back on the right track.”² Yet China is still blocking or limiting market access for nine lucrative Australian exports and decisions loom that could once again severely disrupt the bilateral relationship.

In addition to the ever-present possibility of the rejection of a large Chinese investment by the Australian Treasurer or the Foreign Investment Review Board, Canberra confronts at least three key decisions that could dramatically further strain the Australia-China relationship:

1. The use of *Foreign Relations Act 2020* powers to veto agreements establishing Confucius Institutes at Australian universities.
2. An adverse finding in the Albanese government’s review of the 99-year lease of Darwin Port by the Chinese company Landbridge.
3. The imposition of targeted sanctions against Chinese officials implicated in human rights abuses in Xinjiang.³

Beyond these decisions, a range of developments and disputes pose growing and long-term challenges for the Australia-China relationship.⁴ The Australian and Chinese governments are now at loggerheads over China’s security role in the Pacific, the AUKUS security partnership, the latest bout of severe Taiwan Strait tensions, and a range of other political, economic, and security issues spanning the domestic, regional, and global arenas. Notwithstanding renewed ministerial- and leader-level engagement and softer diplomatic rhetoric from both Beijing and Canberra, bilateral ties are likely to remain strained by this expanding array of substantive points of disagreement.⁵

¹ “Leader-level meetings and did China just drop its expectations of Australia?,” *Beijing to Canberra and Back*, <https://beijing2canberra.substack.com/p/canberras-three-key-decisions-the>.

² “Australia’s shifting language on China and the blame game over who’s changed,” *Beijing to Canberra and Back*, <https://beijing2canberra.substack.com/p/australias-shifting-language-on-china>.

³ “Canberra’s three key decisions, the expectations game, and economic coercion (again),” *Beijing to Canberra and Back*, <https://beijing2canberra.substack.com/p/canberras-three-key-decisions-the>.

⁴ “Key bilateral disputes,” *Beijing to Canberra and Back*, <http://beijing2canberra.org/key-bilateral-disputes/>.

⁵ “Misrepresenting the one-China policy, leader-level meetings, and the impasse endures,” *Beijing to Canberra and Back*, <https://beijing2canberra.substack.com/p/misrepresenting-the-one-china-policy>.

What should Australia do?

The Albanese government should consider new China policy initiatives and forms of diplomatic messaging that are likely to appeal to Beijing without compromising on any Australian interests or values. These measures should take the form of:

- a. new initiatives that do not require compromises or changes to extant Australian policy positions; and
- b. minor positive additions to Australia's diplomatic messaging about China.

A range of these policy initiatives and forms of messaging are detailed below. These suggestions are designed to furnish the Australian government with options to stabilise relations with China. It should be stressed, however, that proposing these measures should not be misconstrued as an implicit acceptance of the legitimacy of China's past and ongoing punitive trade and diplomatic measures against Australia.

Australia should not be subjected to such coercive actions. But any country's policies and messaging should be designed to respond to the world as it is; not the world as they wish it were. Ideally, Canberra would not be forced to manage Beijing's intimidation and attempted meddling. But such coercive behaviour is the unfortunate reality of China's statecraft. The initiatives and messaging detailed below are therefore calculated to offer Australia additional tools to navigate the vagaries of China's external policies without compromising on Australian interests and values.

Policy initiatives

The Albanese government should consider the following policy initiatives:

1. Propose the rehabilitation of the Australia-China Ministerial Dialogue on Climate Change (inoperative since 2014)⁶
 - The Chinese government is likely to be receptive to such a proposal given its prioritisation of climate change responses and the rare alignment of Australian and Chinese government interests on this issue.⁷
 - Rehabilitating a formalised ministerial dialogue could also be used as a conduit to directly raise at the ministerial level a broader range of critical concerns for the Australian government, including consular cases, human rights, military developments, etc.
 - This proposal could be floated privately at the official level and then also suggested publicly by the Minister for Climate Change and Energy.
2. Propose a new Joint Statement on climate change and energy between China and Australia (a previous Joint Statement was issued in 2007)⁸

⁶ *Australia-China Ministerial Dialogue on Climate Change*, Beijing, 10 November 2014, <https://www.foreignminister.gov.au/minister/julie-bishop/media-release/australia-china-ministerial-dialogue-climate-change>.

⁷ "Remarks by Chinese President Xi Jinping at Leaders' Summit on Climate," 23 April 2021, http://english.scio.gov.cn/topnews/2021-04/23/content_77433094.htm.

⁸ *Joint Statement on Climate Change and Energy Between the People's Republic of China and The Commonwealth of Australia*, Sydney, 6 September 2007,

- The Chinese government is likely to be receptive to such a proposal given its prioritisation of climate change responses and the rare alignment of Australian and Chinese government interests on this issue.⁹
- This Joint Statement need not contain many (or perhaps even any) concrete commitments from Australia and could instead be a trust-building declaration of common purpose on the climate change challenge.
- This proposal could be floated privately at the official level and could be pitched as the first deliverable from the rehabilitated Australia-China Ministerial Dialogue on Climate Change (see above).

Diplomatic messaging

The Albanese government should consider the following forms of diplomatic messaging:

1. Highlight the areas of multilateral trade cooperation between Australia and China that endure despite the trade restrictions and anti-dumping disputes
 - This messaging would appeal to the Chinese government's self-image as a responsible supporter of multilateral institutions and would imply a flattering, albeit indirect, comparison between China's embrace of the Multiparty Interim Appeal Arbitration Arrangement (MPIA) and the United States' spoiler role in the World Trade Organization (WTO) Appellate Body.¹⁰
 - This messaging could take the form of emphasising Australia's and China's shared membership of the MPIA, which was established in the wake of the United States blocking appointments to the WTO Appellate Body.¹¹
 - This messaging would not require dropping Australia's public concerns about economic coercion and could be incorporated into the Minister for Trade and Tourism's standard talking points on China, as well as select speeches, media releases, and other relevant communications.
2. Welcome China's emissions reduction commitments and policies, including the establishment of its Emissions Trading Scheme
 - This messaging would appeal to China's leaders and provide the Chinese government with an additional measure of the international recognition that it seeks given its self-image as a responsible power.¹²

https://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/3A706/upload_binary/3a7065.pdf;fileType=application%2Fpdf#search=%22media/pressrel/3A706%22.

⁹ "Special Representative Wang Yi of President Xi Jinping Attends and Addresses the Informal Leaders' Roundtable on Climate Action," 22 September 2022,

https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/202209/t20220923_10770208.html.

¹⁰ "Xi Jinping Delivers a Keynote Speech at the Opening Ceremony of the Fourth China International Import Expo," 4 November 2021,

https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/202111/t20211105_10444645.html.

¹¹ STATEMENT ON A MECHANISM FOR DEVELOPING, DOCUMENTING AND SHARING PRACTICES AND PROCEDURES IN THE CONDUCT OF WTO DISPUTES, 30 April 2020,

https://trade.ec.europa.eu/doclib/docs/2020/april/tradoc_158731.pdf.

¹² ACTION PLAN FOR CARBON DIOXIDE PEAKING BEFORE 2030, 27 October 2021,

https://en.ndrc.gov.cn/policies/202110/t20211027_1301020.html.

- This messaging could be restricted to rhetorical flourishes/asides in interviews and sporadic references in ministerial speeches, and so would not entail any practical commitments or concessions from Canberra.
 - This messaging could be woven into relevant ministerial- and leader-level media comments and select speeches.
3. Regularly reemphasise that Australia sees China's economic rise as an opportunity and does not seek to hamper the country's development
- This messaging would help allay deeply held fears in the Chinese government that a coalition of countries—led by the United States and including Australia—is seeking to undermine China's economic development.¹³
 - This messaging would allow Australia to subtly distance itself from various US policies that Beijing believes are aimed at slowing China's economic rise—beliefs that have probably hardened in the wake of US semiconductor export controls.
 - This messaging could be incorporated into the Minister for Trade and Tourism's standard talking points on China, as well as select speeches, media releases, and other relevant communications.
4. Commend China's large contributions to both the United Nations budget and peacekeeping operations
- This messaging would appeal to China's leaders and provide the Chinese government with an additional measure of the international recognition that it seeks as a self-described provider of global public goods.¹⁴
 - This messaging could be limited to rhetorical flourishes/asides in interviews and sporadic references in ministerial speeches, and so would not entail any practical commitments or concessions from Canberra.
 - To provide an additional measure of balance, this messaging could be incorporated into remarks raising urgent and legitimate concerns about China's human rights abuses, rapid military modernisation, intimidation of Taiwan, etc.

The above policy initiatives and diplomatic messages need not be pursued simultaneously or in quick succession. The Albanese government could begin by adopting a couple of these initiatives/forms of messaging and then add more depending on the Chinese government's response. A range of options are canvassed to illustrate the scope of the available choices.

Likelihood of success and potential costs

In accordance with China's self-image as a responsible power and provider of global public goods, the Chinese government seeks international recognition for its climate change responses and selective support for the multilateral system.¹⁵ Both China's efforts in these

¹³ *Reality Check: Falsehoods in US Perceptions of China*, 19 June 2022, https://www.mfa.gov.cn/eng/wjbxw/202206/t20220619_10706059.html.

¹⁴ "Speech by H.E. Xi Jinping President of the People's Republic of China at the Conference Marking the 50th Anniversary of the Restoration of the Lawful Seat of the People's Republic of China in the United Nations," 25 October 2021, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/202110/t20211025_9982254.html.

¹⁵ Wang Yi, "Making Every Effort for Peace and Development and Shouldering the Responsibility for Solidarity and Progress," 24 September 2022, https://www.fmprc.gov.cn/eng/zxxx_662805/202209/t20220925_10771160.html.

arenas and international recognition for them have been emphasised by President Xi Jinping and senior Chinese government officials.¹⁶ Yet despite their likely appeal to the Chinese government, there is no guarantee that these initiatives and forms of messaging will stabilise the Australia-China relationship or fully mitigate the fallout from future divisive developments.

But the above proposals are nevertheless low-risk options for the Albanese government. These measures only entail either subtle shifts in diplomatic messaging or modest new policy initiatives. Such moves are unlikely to elicit strong domestic criticisms from the Opposition, media or public. They are also unlikely to prompt serious concerns among Australia's allies and close partners. Australia's partners in the Pacific, South-East Asia, and elsewhere in Asia may even privately approve of such tactically supple moves to appeal to the Chinese government.

Perhaps most importantly, even if the Chinese government does not respond positively to these initiatives and messages, the Albanese government will not have conceded on any substantive policy points. Such initiatives and forms of messaging do not involve compromising on Australia's security and economic interests or its commitments to human rights, the rule of law, and liberal democratic values. These measures are, for example, entirely consistent with Australia's moves to deepen its rich and mutually beneficial unofficial ties with Taiwan and publicly oppose the Chinese government's severe human rights abuses. In the worst-case scenario in which these measures fail to move Beijing, Canberra would only have finessed select elements of its messaging and offered minor policy inducements for no return.

Modest expectations

The range and severity of possible future sources of tension in the Australia-China relationship mean that the initiatives and messaging explored above are unlikely to be able to entirely avoid future dips in the relationship. For example, Canberra semi-regularly flattering Beijing will almost certainly not stop China responding to targeted Xinjiang sanctions with blistering diplomatic attacks and perhaps even countersanctions and hostage diplomacy.¹⁷

But the initiatives and messaging explored above may still help build a modest reservoir of goodwill in Beijing to moderate the incline of such downturns in bilateral ties. Indeed, the risk of additional points of acute tension in the future only makes the case for such initiatives and messaging even stronger. With Albanese government ministers facing numerous tough China policy decisions, Canberra will likely benefit from measures to help mitigate potential future fallout.

¹⁶ "President Xi Jinping Attends the 17th G20 Summit and Delivers Important Remarks," 15 November 2022, https://www.fmprc.gov.cn/eng/zxxx_662805/202211/t20221115_10975446.html.

¹⁷ "Targeted sanctions against China and a leader-level meeting," *Beijing to Canberra and Back*, <https://beijing2canberra.substack.com/p/targeted-sanctions-against-china>.