



Australia-China ties have gone down under



Context:

- Australia and China's cordial economic ties, established over the last three decades, have been soured this year over several points of friction.

China-Australia Relationship

- **Trade:** China is Australia's largest trading partner in terms of both exports and imports. China's share in Australia's exports reached a record A\$117 billion, or 38 per cent, in 2019, more than any other country.
- **Investment:** Over the years, China has been increasing its investment in Australian infrastructure and real estate products too.
- **Tourism & Education:** The maximum number of foreign students in Australian universities and tourists also originate from China.
- **Important Sectors:** Australian sectors like mining, tourism, education benefit from trade with China. China even imports products such as milk, cheese, wine and meat.

What are points of friction?

This year, many issues have dominated the deteriorating relationship between the two countries.



Australia's Covid-19 inquiry and China's Economic response:

- In April 2020, Australia suggested the start of an inquiry into the origins and the initial handling of the coronavirus.
- China alleged that Australia was teaming up with the US to spread “anti-China propaganda”.
- China further **called for boycotting Australia** as a tourist and higher education destination and banning Australian products like wine and beef.
- In May, Chinese authorities **imposed an 80 per cent tariff on barley imports** coming from Australia. China is the most important market for Australia barley.
- China also began a **trade probe into Australian wine** and suspended import permits for four large beef processing plants.

Tension over journalists:

- The second diplomatic spat began with the detention of Cheng Lei, an Australian news anchor based in Beijing by the Chinese authorities after she was suspected of “criminal activities” that endangered China’s national security
- After this, two more Australian journalists working in China were questioned and declared persons of interest in the Cheng Lee detention case
- Following their house searches, the journalists sought refuge in Australian diplomatic missions, as they were not allowed to leave the country.
- The tensions were on full display for five days after which **China finally agreed to allow them to fly back to Australia.**
- After their departure, there are **no more Chinese reporters employed by the Australian media** left in the country, a first since the 1970s.
- Few days after their departure, China’s state news agency Xinhua released a report that claimed the Australian intelligence had raided an unspecified number of Chinese journalists stationed in Australia

Ideological issues:

- The two countries have also been at loggerheads on other ideological issues previously too.

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- After reports of China keeping Uighur Muslims in state-run detention camps surfaced, Australia was swift to respond and expressed “deep concern” over the “human rights situation.”
- Similarly, after China imposed the National Security Law in Hong Kong, Australia suspended its extradition treaty with Hong Kong and said the law undermines Hong Kong’s autonomy and suppresses opposition to Mainland China
- Australia also decided to extend visas for Hong Kong residents. In both instances China responded staunchly and asked Australia to not meddle in its “internal matters.”

What is the impact on India?

- Australia has started looking for way to wean itself away from this excessive Chinese dependence and is keen to strengthen its ties with more ideologically compatible allies like India.
- Thus, there is scope to increase the India-Australia bilateral trade and investment.
- Australia has expressed the need to connect with more “like-minded democracies” to counter the Chinese aggression and expansion.
- At the Quadrilateral Initiative, or the “Quad” with counterparts from India, United States and Japan, Australian highlighted the need for an “open, resilient and inclusive Indo-Pacific region that is governed by rules and not power.
- The QUAD meeting in 2020 comes at a time when three out of four participant countries are at loggerheads with China on some issue or another.

Conclusion:

- All these point to changing dynamics in the geopolitical arena particularly in the Indo-Pacific. India needs to be aware of it and ensure that Balance of Power is maintained in the region by coordinating with similar minded countries.