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How will the Australia-China relationship adapt?

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A common assessment among Australian opinion leaders is that the start of the new U.S. administration has pushed Australia closer to China. Hugh White, a Professor of Strategic Studies at the Australian National University, [said last week that](#) the [now infamous phone call](#) between President Donald Trump and Australian Prime Minister Malcolm Turnbull had shown Australians that they can no longer trust the United States. During the presidential transition period before Trump took office, Peter Hartcher, a prominent international affairs commentator with no fondness for China—he [once described China](#) as a fascist state comparable to ISIS—[declared that](#) the United States had walked away from global leadership while China was stepping up. He added that for relatively small open economies like Australia, Chinese President Xi Jinping's recent stand against rising protectionism is 'tremendously appealing.'

The U.S. withdrawal from the Trans-Pacific Partnership (TPP) is seen as pivotal in Australia. Without it, Australia will gravitate towards other trade deals. These will, potentially, be deals in which China plays a prominent role such as the Regional Comprehensive Economic Partnership (RCEP).

Late last month, Director of the U.S. National Trade Council Peter Navarro said that those who had reached the conclusion that countries like Australia would now seek out deals involving China [were wrong](#). 'They'd be right if we [the new U.S. administration] weren't going to go right to Japan and Australia, New Zealand, Malaysia and Thailand and negotiate bilateral deals.' In other words, he was suggesting that the new U.S. administration would be replacing TPP with a series of bilateral deals across the Asia-Pacific.

Yet responding to news of Donald Trump's electoral victory, Australia's Foreign Minister, Julie Bishop, [contradicted](#) this assessment that Canberra would not try to push RCEP. 'Should the TPP not go ahead, then the vacuum that would be created is most likely to be filled by RCEP, the free trade agreement that comprises the ASEAN countries, China, Australia and others, at its core,' Bishop said.

Perhaps of even greater concern to Australia is that a straightforward reading of the president's chief trade advisor's comments indicated he was unaware the United States and Australia [already have a bilateral free trade agreement](#) (FTA), enacted more than a decade ago.

Another interpretation is that Navarro knew about the existing agreement but the Trump administration plans to seek to [negotiate a better deal with Australia](#). But as Foreign Minister Bishop told her visiting Chinese counterpart, Wang Yi, last week, this suggestion of a renegotiated U.S.-Australia deal [simply is not credible](#).

The United States already runs a [massive trade surplus](#) with Australia, \$U.S. 18.5 billion in 2015-2016. Under the FTA between the two countries this surplus has doubled since 2005 when the deal was inaugurated.

[Navarro also claimed that](#) 'nobody in Asia wants to deal with China ... They are afraid of China.' This is decidedly not true of Australia. A poll by the Sydney-based Lowy Institute last year found that more Australians regard China as its '[best friend](#)' in Asia than Japan. [Another poll by the U.S. Studies Centre](#) at the University of Sydney found that 48 percent of Australians thought the relationship with China should be stronger, compared with 32 percent who said the same about the United States.

While the United States is responsible for Australia largest bilateral trade deficit, China delivers its largest trade surplus, \$U.S. 15.9 billion last year. This surplus was invigorated by an FTA struck at the end of 2015.

There are plenty of other instances of cooperation between the two countries. In June 2015 Australia [joined](#) the China-led Asian Infrastructure Investment Bank after satisfying itself that the new institution's governance would reflect best practice. This was despite a reported phone call by President Obama [asking for Australia to stay out](#) of the bank.

In October of that year, the Australian government did not consult Washington before approving the sale of the Port of Darwin in Northern Australia to a Chinese company. Right next door is a facility that hosts rotations of U.S. marines. Australia's Department of Defence and intelligence agencies concluded the port deal [presented no security concerns](#).

Australia also has [resisted suggestions](#) by at least two visiting U.S. admirals that it should run freedom of navigation patrols within twelve nautical miles of Chinese-claimed features in the South China Sea. Foreign Minister Bishop said that such a move would only [add to tensions](#).

But Australia maintains a balanced policy and is not shy of criticizing China. This choice not to join freedom of navigation patrols did not stop Australia from [describing China's decision to declare an Air Defence Identification Zone](#) in the East China Sea in 2013 as 'unhelpful' and not conducive to promoting regional stability. Nor did Australia mince words in calling for [China to respect the decision](#) of the arbitration panel that ruled heavily in favour of the Philippines last July on disputed matters in the South China Sea. Australia has also continued [to run its long-standing](#) 'Operation Gateway' maritime surveillance patrols in the South China Sea without fanfare, even as these patrols faced [more frequent Chinese challenges](#).

The point is that Australia doesn't hesitate to engage with China, despite the differences that sometimes arise. It uses a pragmatic China policy based on a clear-headed assessment of Australia's own national interests. And if U.S.-Australia relations deteriorate, Australia will probably expand, pragmatically, upon its ties to China.

[At a joint press conference](#) between the Australian and Chinese foreign ministers last week, numerous opportunities to deepen relations were outlined. Foreign Minister Bishop said that Australia would seek to link its Developing Northern Australia scheme with China's One Belt One Road mega-project. Australia welcomed further RCEP negotiations with China, and other member countries. Simplified visa procedures will make it easier for Chinese tourists to visit Australia while more Australian students will receive government financial support to study in China. China's Foreign Minister Wang enthusiastically endorsed all of these initiatives.

Nonetheless, Foreign Minister Bishop has also continued to urge greater U.S. engagement in Asia. [In Los Angeles last month she said](#): 'Most nations wish to see more U.S. leadership, not less, and have no

desire to see powers other than the U.S. calling the shots.’

This call presumes that U.S involvement in the region will bolster core Australian interests like upholding a rules-based international order. If the Trump administration decides to tear up the rulebook by, for example, imposing a blanket tariff on Chinese imports, it should expect Australia to join with China in issuing a rebuke of U.S. trade policies. If, on the other hand, it is China that breaks the rules—perhaps breaking from diplomacy and dredging at Scarborough Shoal in the Exclusive Economic Zone of the Philippines—President Trump can count on a sympathetic ear in Canberra.