



The year of transition for China's leadership has been echoed in Australia, at least for foreign affairs. And these changes are happening as the relationship between the countries is being tested again, much as it was in 2009, writes Rowan Callick.

Is Australia discriminating against China? Does it really want Chinese investment? Is Australia building closer military links with the USA because both wish to contain China?

These are the same questions that were being asked in 2009.

Are Australia's massive resources exports to China not so much the saviour of the Australian economy as a millstone, dragging the rest of the economy down through the high Australian dollar and the sucking of jobs and prospects? Why is China continuing to expand its military spending by more than 10 percent per year?

Why has it proven impossible in almost seven years of negotiations to make any significant progress towards a free trade agreement with China? Does China really want Australian investment in services and agriculture?

Australia in the Asian Century

Australia's former Treasury Secretary Ken Henry is leading the drafting of a white paper on Australia in the Asian Century, which Prime Minister Julia Gillard will present in the second half of the year.

This provides the opportunity to recast Australia's relationship with China – as for the rest of the region, which is the focal point for Australia's future – in a positive and realistic light, and more importantly, to draft the appropriate policies. It is especially important, too, that the Australian opposition, the coalition, is dealt in to this white paper drafting, because responsibility for implementing it is very likely to rest with it. The odds are strongly against the Labor government being returned at next year's federal election.

So it was encouraging to see the coalition's foreign affairs spokeswoman, and the deputy opposition leader, Julie Bishop, attend the Boao forum on Hainan island in early April, especially when no government representative was able to turn up. The Chinese government may, in its pragmatic manner, be prepared to wait out a change of government before committing much more resources to the relationship.

New Foreign Minister

It's hard to know what to expect from the new Foreign Minister, Bob Carr, who has replaced Kevin Rudd – who had been viewed with consistent mistrust by Beijing since the early days of his prime ministership – following the latter's disastrous tilt at regaining the party leadership.



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