

China-Australia Sustainable Bilateral Economic Relations in the Late 20th - Early 21st Century

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Abstract

Background: In the New Year 2024, Australia sees the light of hope for the development of relations with China. Relations began to strain when Australia called for an independent investigation into the origin of the coronavirus, and the Chinese government-imposed import bans on almost everything that Australia used to export to China. This ban created a problem between the two countries. The joining of Australia in the QUAD military alliance further strained relations, but the relationship is gradually improving.

Objectives: This research aims to examine and assess the issues and opportunities for sustainable bilateral economic relations between China and Australia.

Methods: This study uses secondary sources to gather perspectives on China-Australia relations. Although the study is qualitative, a quantitative method is also taken. A survey and data analysis were conducted with 101 participants, including international relations experts, researchers, analysts, government officials, students, businessmen, and civil society members. The data was analyzed using basic quantitative techniques for the trade data.

Results: The results show that two-way trade between China and Australia has significantly increased in the last 40 years, making China Australia's most significant commercial partner. China is Australia's largest export market, the largest source of tourist spending, and the fastest-growing foreign investment source. Australia exports pearls, precious stones, meat, copper salt, and sulfur dioxide to China while importing electrical and electronic equipment, plastics, iron, and aluminum from China.

Conclusion: The study indicates that China and Australia have strong economic interdependency, with China having the largest export markets and tourist destinations. Despite diplomatic issues, their relationship strengthens through trade and economics. In 2014, Australia and China signed an FTA, upgrading their relationship to a comprehensive strategic partnership. Focusing on economics rather than politics could improve trade and economic relations.

Keywords: Australia, bilateral trade, China, economic relation, foreign policy, international trade

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Introduction

China, a growing major power in Asia, is expanding its power from regional politics to global politics. As the world's second-largest GDP holder and second-largest exporter, China's power is expanding. Australia, a highly developed nation with a market economy, has the longest stretch of continuous GDP growth in the developed world. In June 2021, Australia's GDP was pegged at \$1.98 trillion. China's foreign policy aims to protect its national interests and foster domestic development for long-term global competition. Australia's commitment to regionalism and multilateralism affects its foreign policy in areas such as free trade, refugees, terrorism, economic cooperation with Asia, and Indo-Pacific stability. However, the international relations between Australia and China are not good, with BBC News naming the relationship a 'Breathtaking Geopolitical Thriller' in 2020 (BBC NEWS Bangla, 2022).

Australia Joined QUAD which is a key pillar of Indo Pacific agenda which is the barrier of China and Australia's economic relations. Australia Joining the AUKUS to threaten China is another problematic factor which disrupts the Australia-China relationship. Additionally, China has been enraged by Australia's nuclear-powered submarine construction deal in 2021, which was seen as a threat to China's dominance in the Indo-Pacific region. As a result, Australia's new government, led by Asian-born Chinese-born Penny Wong, has focused on rebuilding friendship and trade with China. Before the end of 2022, defense ministers, foreign ministers, and top leaders of the two countries held bilateral meetings, including the Sixth Australia-China Foreign and Strategic Conference in Beijing. At the conference, Wong announced that they had taken another step towards stabilizing the relationship between the two countries. Despite political analysts suggesting that the new Australian government is more diplomatically advanced than the previous one, Australia-China relations are progressing at a steady pace.

The Australian government works to maintain positive and cordial ties with China while respecting their differences and common interests. As China's economic, political, and strategic influence increases, so does its significance to Australia. High-level visits highlight the value and strength of Australia's bilateral relationship with China. After the COVID-19 situation, the bad relationship between China and Australia is recovering by taking essential steps. Both countries need to take more effective steps to recover the relationship and restore economic prosperity. Understanding the historical context of China-Australia relations, particularly during the late 20th and early 21st centuries, is crucial. This period encompasses significant economic reforms in China, its entry into the World Trade Organization (WTO), and Australia's economic pivot towards Asia. Studying this evolution helps in comprehending the dynamics and development patterns of their bilateral economic relationship. Both China and Australia are major players in the global economy.

China is the world's second-largest economy, while Australia is a key exporter of minerals and agricultural products. Their economic relationship has substantial implications for global trade, investment, and economic stability. Analyzing this relationship provides insights into how bilateral trade agreements, investments, and economic policies impact their economies and the global market. From an academic perspective, this study contributes to the literature on international economic relations, particularly in the context of Asia-

Pacific studies. It provides empirical data and theoretical analysis that can be used by scholars, researchers, and students interested in international trade, economic development, and sustainable practices.

The rationality and justification for studying “China - Australia sustainable bilateral economic relations in the late 20th - early 21st century” are rooted in the historical significance, economic impact, sustainability concerns, political dimensions, policy implications, academic contributions, and contemporary relevance of this bilateral relationship. This comprehensive analysis provides valuable insights that are pertinent to both scholars and practitioners in the field of international economic relations. Studying and examining China’s economic relations with Australia in the socioeconomic and political domains were the goals of this research.

Review of Literature

Numerous studies have explored the international relations, diplomatic ties, and economic ties between China and Australia. However, the study of economic and commercial relations is still in its early stages and is constantly evolving. Trade is a key indicator of the strength of the two nations’ relations, but geostrategic and economic ties are not well-documented or adequately discussed in books.

Varrall (2021) showed that Australia has been closely monitoring China’s growing influence on the international stage, region, and within the country. However, there has been a shift from observation to anxiety in recent years. Australia initially viewed China as an economic opportunity in its 2003 White Paper on Foreign Policy, focusing on engagement and strategic economic partnerships. This concern is affecting Australia’s national interests, particularly its impact on politics, public discourse, and free expression.

Tow (2017) states The US election of Donald Trump has sparked debates over Australia’s Southeast Asia position and future security relations with the US. The US’s withdrawal from the Trans-Pacific Partnership, a key component of Trump’s Asia strategy, has raised questions about Australia’s commitment to maintaining a viable economic and strategic presence in the Asia Pacific.

Brophy (2019) discovers that Australia’s foreign policy has been a topic of debate over China’s and the US’s competitiveness, with some consensus on the topic. However, by 2017, a “new” China debate emerged, with accusations of sensationalism and racism, and persistent Chinese Party-state involvement in Australian affairs. As 2018 progressed, certain facts about China’s presence and intentions towards Australia became doubtful, making the “China question” an increasingly polarizing issue.

Minyue (2006) examines Sino-Australian trade ties, focusing on the steady growth in value and complementarity in commodity trade. It aims to identify the true nature of these trade ties and examine key elements that have shaped their relationship. Since China’s modernization strategy in 1978, the core of China’s post-1978 economic efforts have been the economy. The article is primarily written from China’s perspective.

Bisley (2014) explained that due to their interactions with China and the United States, Asia’s middle powers are in a trilateral bind. The Australian example is used in this essay to investigate the conundrum.

It demonstrates that due to internal political concerns, financial considerations, a conviction that it can keep its interests separate, and a feeling of regional threats, Australia has been entangled with the United States. The study then makes the case that others are likely to find solutions to overcome their trilateral conundrums in a way that increases the competitiveness of the regional strategic dynamic.

Numerous articles and books have explored China's economic and geostrategic relations with Australia; a few of them have focused on political perspectives and some scholars clarified economic standpoints. We think that these efforts only addressed a portion of the problem. However, we focus on the role of internal factors in shaping China's foreign policy towards Australia, as previous studies have mainly focused on specific areas.

Materials and Methods

This study used a mix of qualitative and quantitative research approaches, including an open-ended questionnaire survey and a nanostructure for quantitative data collection. The qualitative approach was chosen for its interpretative and analytical examination of China's economic relations with Australia. This study employed trade data as one of the fundamental quantitative approach components. The proposed research is both descriptive and exploratory.

Types of the Sample of the Survey

The study used four sample types, with gender being the most prevalent. A gender balance is crucial for a survey's credibility, and a negative imbalance could affect its reliability. 36.6% of the 101 respondents were women, with the age range from 20 to 70. The minimum educational requirement for responses was maintained at graduation. The third sample was the profession, with respondents from students, businesspeople, government workers, academics, research researchers, corporate sectors, and civil society members.

Survey Questionnaire and Summary of the Data

The study focused on the evolving global order, China-Australia bilateral relations, and the US containment policy's Pivot to Asia strategy. A survey questionnaire was used to gather data on the nature of China-Australia relations, their prospects, and the problems affecting them. The survey asked experts in the field to respond to questions about the economic relations between Australia and China in the Late 20th - Early 21st Century. The majority of respondents acknowledged the regional and global importance of China-Australia relations and believed that these advancements would have favorable effects on bilateral ties, supporting the dissertation's main contention.

Survey and Data Analysis

To organize, analyze, and analyze the data to draw specific findings, SPSS was employed. A survey was carried out as part of the research by creating a survey questionnaire and collecting responses using a scale. Relevant data was fed into the software for interpretation and analysis to test research questions and hypotheses.

Result and Discussion

Current Trends of China-Australia Economic Relations

Australia has a strong diplomatic relationship with China, which began in 1972 and has since grown into a comprehensive strategic partnership. Despite recent tensions, the Australian government remains committed to maintaining a cordial relationship with China. Australia's largest bilateral trading partner is China, accounting for 31% of its trade. In 2020, two-way trade with China fell by 3%, totaling \$245 billion. Australia exported \$159 billion worth of products and services to China, a 6% decrease from 2019. This decline was primarily due to decreased service exports due to the COVID-19 pandemic. Australian product shipments to China also decreased by 7% in the second half of 2020 compared to 2019, due to several trade restrictions by China (China country brief, 2022).

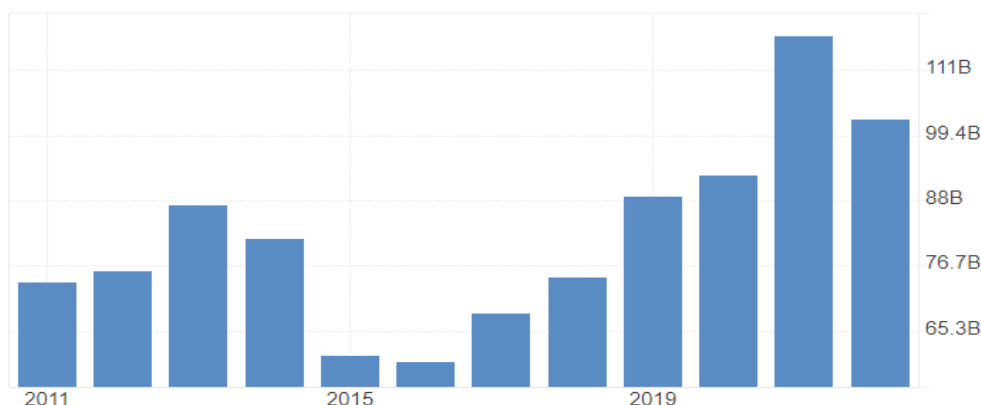
China-Australia Financial Participation and Exchange Likely to Develop in 2022 and 2023

After the Australian Labor government won the May elections, relations between Australia and China improved significantly. In the second half of 2022, Australia and China's defense and foreign ministers met bilaterally, with Foreign Minister Penny Wong visiting Beijing for the sixth Australia-China Foreign and Strategic Dialogue. Wong referred to the meeting as "another step forward as we stabilize the relationship between our two countries." High-level communication resumed, and both parties used the term "comprehensive strategic partnership" to describe their relationship. However, the Australian government remains cautious, focusing on stabilizing the relationship rather than "resetting" it. The rhetoric and reality of the Australia-China relationship are not the same, and 2023 could bring new developments that further exacerbate tensions. Five significant concerns could exacerbate tensions between Australia and China in the upcoming year: the impact of the decision on Bougainville's independence, defense procurement, securitization of mineral supply chains, and security competition in the Solomon Islands, the Port of Darwin, and tighter strategic alignment with Washington (The Diplomat, 2022).

Australia exports to China

Figure 1

Australia exports to China



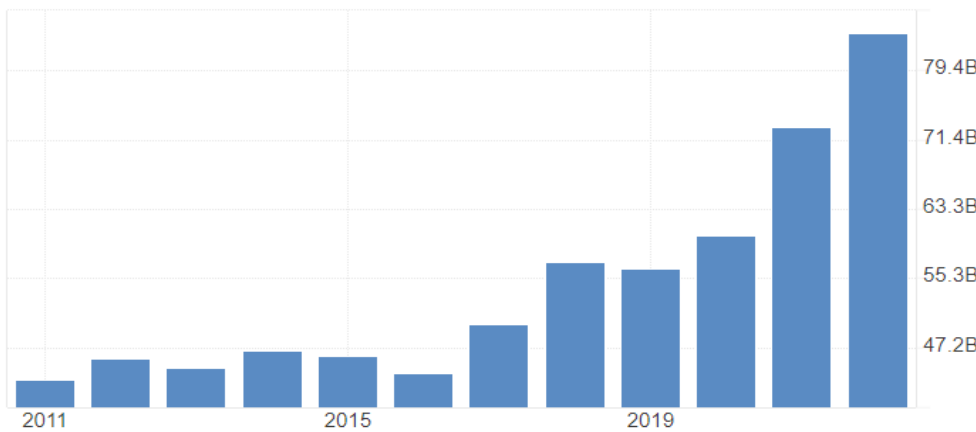
Source: *Trading Economics, 2024a.*

Figure 1 referred to the in 2022, According to the United Nations COMTRADE database, the value of Australian exports to China in 2016 was US\$102.35 billion. Australia last updated its most historical chart, export statistics, and recent data in January 2024 (Trading Economics, 2024a).

Australia imports from China

Figure 2

Australia imports from China



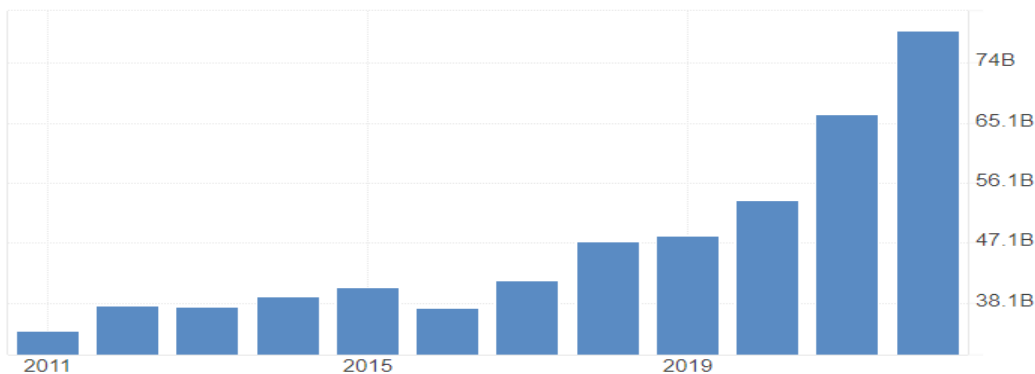
Source: *Trading Economics, 2024b.*

Figure 2 referred to the in 2022, Chinese exports to Australia were valued at US\$78.83 billion, as reported by the UN COMTRADE international trade database. January 2024 was the most recent revision to the historical chart, export statistics, and recent data on China’s exports to Australia (Trading Economics, 2024b).

China exports to Australia

Figure 3

China exports to Australia



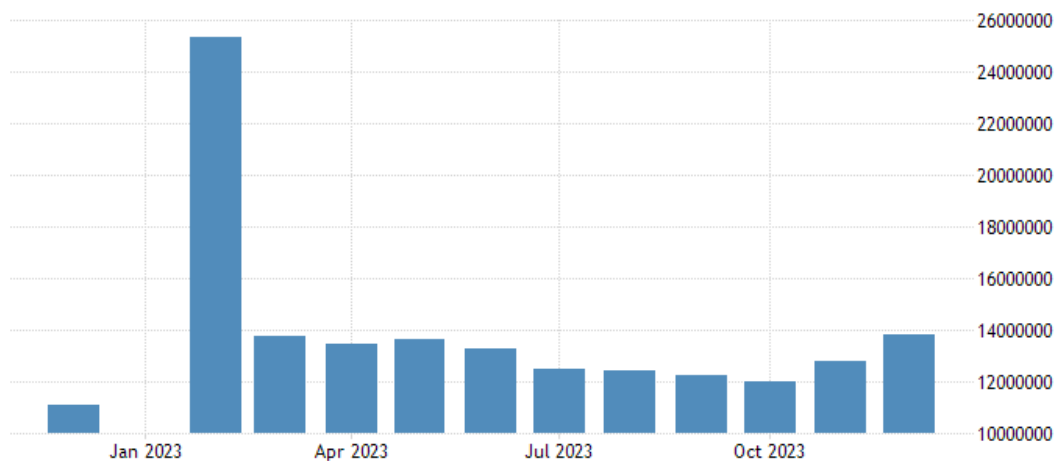
Source: *Trading Economics, 2024c.*

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China imports from Australia

Figure 4

China imports from Australia



Source: Trading Economics, 2024d.

Figure 4 referred to the Australia's imports into China rose from 12772846.57 USD thousand in November 2023 to 13831120.98 USD thousand in December. From 2014 to 2023, Australia's imports into China averaged 9800282.02 USD thousand; they peaked in February 2023 at 25326571.31 USD thousand and fell to a record low of 3752380.00 USD thousand in the same month the previous year (Trading Economics, 2024d).

Changes in the Trade Structure

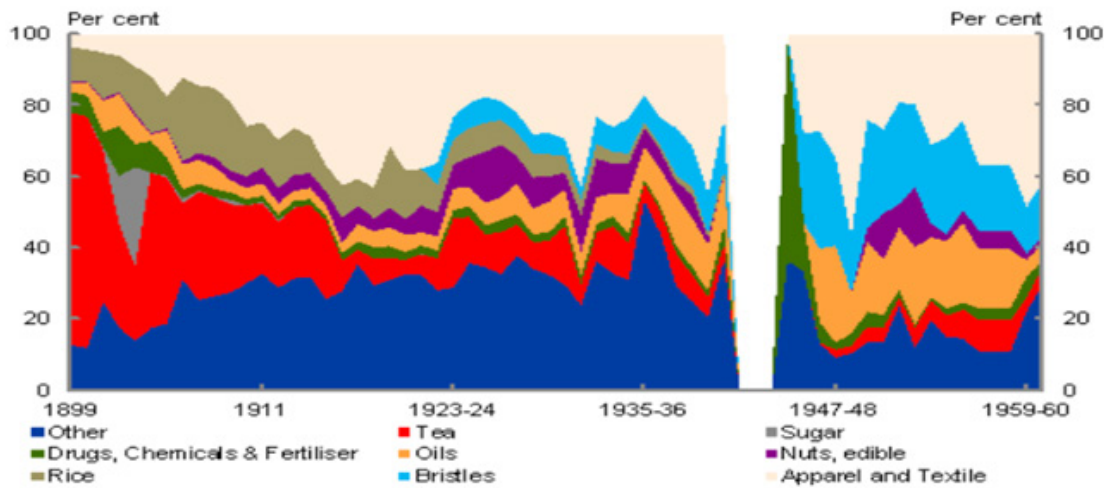
Trading with China has a rich history. In 1901, China accounted for a mere 0.3% of Australia's total commercial trade volumes; hence, its impact was fairly small during the early years of Federation.

More than half of Australia's imports from China in the first decade of the Federation came from tea and rice, the country's primary exports to China (Figure 5). Silk was another notable import, accounting for slightly less than 10% of the total. China primarily financed these imported products with precious metals such as copper ingots, pig lead, silver and gold bullion, and to a lesser extent, grains (Figure 6).

The two most common Chinese imports to Australia throughout the second half of the twentieth century were clothing and textiles, particularly silk, rather than tea and rice. Their import proportion peaked in 1918-19, averaging 43%, and then dropped to an average of 35% from 1910-1920.

Figure 5

China Imports to Australia: Compositions

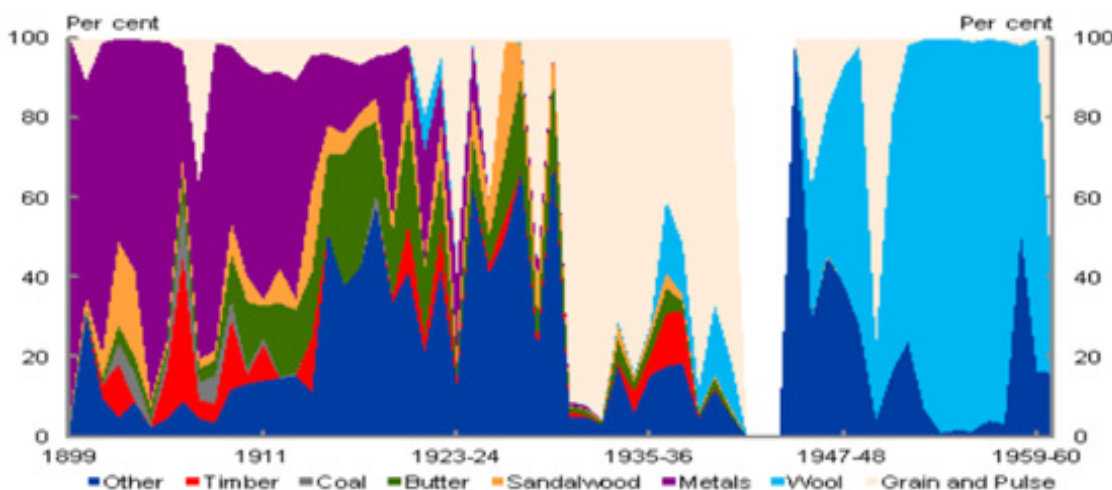


Source: The Australian Bureau of Statistics (ABS) and the Treasury have issued Cat. No. 5409.0.

During this period, Australia was exporting a growing number of agricultural products to China in addition to metals (pig lead, gold and silver) (Australian Government the Treasury, 2012). During the Federation period, butter exports to China increased substantially, reaching over 34% in 1917–18, a 27-fold increase from 1901. Since wheat constituted more than one-third of Australia’s exports to China from 1920 to 1930, it was particularly significant in terms of business connections. During the post-war economic recovery, wool became a significant export for Australia, accounting for nearly one-third of their exports to China. Wool exports peaked in 1953-54 at about 99 percent of all exports to China but declined to 83.5% by the end of the 1950s. In terms of imports, clothing and textiles took back the top spot as the main Chinese imports in the post-World War II era, accounting for about half of total imports from China in 1959-1960 (Australian Government Treasury, 2012).

Figure 6

Early Australian Exports to China: Compositions



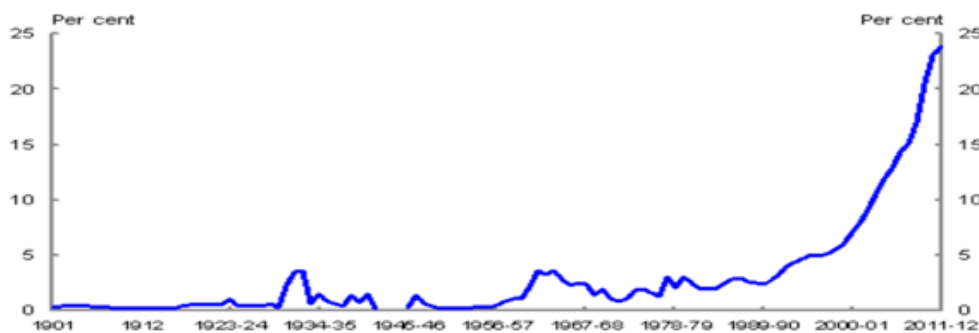
Source: Treasury and ABS Cat. No. 5409.0.

In the 1960s, China started importing massive amounts of wheat from Australia due to low grain yields in the 1950s and early 1960s. By 1961–1962, the country's wheat imports had shot up to more than two million metric tons. Wheat accounted for more than 90% of all of our exports to China by the late 1960s. The other major agricultural export was wool, with a little contribution from hides and skins. The primary non-agricultural component was made up of non-ferrous ores, steel, and iron (Australian Government Treasury, 2012).

In the 1960s, 50% of Australia's imports came from China, mostly in the form of clothing, footwear, and textiles. From 1969 to 1970, this proportion increased to 62%. Despite these shifts, commerce between China and Australia was negligible, accounting for less than one percent of Australia's total goods trade. The diplomatic resumption in December 1972 strengthened commercial ties between China and Australia, enabling Australia to benefit from China's transformation (Australian Government Treasury, 2012).

Figure 7

China's contribution to Australia's overall merchandise trade



Source: DFAT (2012) STARS Database; ABC Cat. No. 5409.

In 2020, Australia's two-way trade with China fell by 3% to \$245 billion, primarily due to decreased service exports due to the COVID-19 pandemic. Australian product exports to China decreased by 7% in the second half of 2020. Despite geopolitical concerns, the two countries' trade and economic ties have progressively increased. In 2021, bilateral commerce was valued at around \$231.2 billion, and China's imports of commodities from Australia reached \$164.82 billion, a 40.6% increase from 2020. In 2022, Australia's imports from China reached A\$101 billion, up 16.5%, and exports to China reached A\$172 billion, a 2.7% increase (China Briefing, 2022).

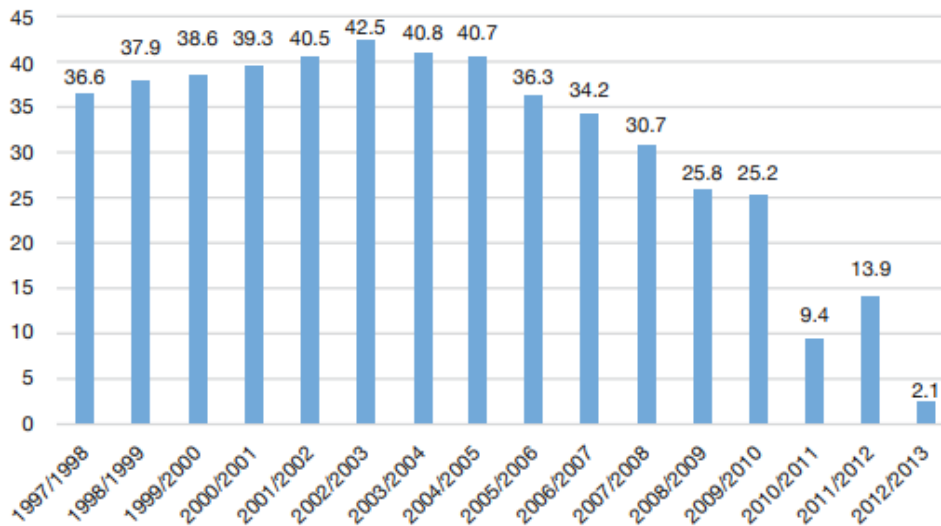
Balance of the Bilateral Trade

China and Australia have experienced significant economic growth, with trade and investment playing a crucial role in their foreign policy. Between 2001 and 2011, trade between the two countries increased by 1,196%, making them the world's largest trading partners, export markets, and import suppliers. Australia heavily relies on trade with China, with 24.0% of its overall trade being merchandise trade. China's involvement in Australia's mining industry provides reliable resources for domestic economic expansion.

From 2007 to 2011, China's outbound FDI in Australia climbed 495.4%, making it the third-largest investor in Australia. A 2011 survey showed 75% of Australians believe China's economic growth has benefited Australia (Liu & Hao, 2014).

Figure 8

Australia provided AUD million in bilateral aid to China from 1997 to 2013.



Source: The author compiled the AusAID annual reports.

In 1978, Australia became China's first Western donor, offering an AU\$50 million loan to boost economic growth. In 1980, a technical cooperation agreement was formed, covering civil engineering, natural science, land development, agriculture, fisheries, animal husbandry, and English language instruction. Australia provided AU\$20 million in aid annually in the 1980s. In 1988, concessional loans increased aid, and by 2011, 136 aid projects had been completed, totaling AU\$1.2 billion (Zhang, 2020).

China-Australia Trade and Economic Relations: Major Obstacles

There are some major obstacles which are responsible for the hamper of Australia- China Trade and Economic relation. The following list outlines the main issues with Australia-China's economic relations:

Managing Disputes

Despite occasional disagreements over human rights and religious freedom, these issues were handled skillfully and never escalated into insurmountable difficulties. Following the 1989 Beijing turmoil, Australia imposed sanctions on China and stopped hosting high-ranking visitors, much like the United States did. The first Western team to look at human rights concerns in Tibet and other regions was invited by Australia in 1991. The second delegation visited Xinjiang in the following year. Canberra's delegation aimed to establish constructive dialogue with China on mutual human rights issues, contrasting the U.S.'s hectoring tone.

Australia's Foreign Interference Laws

Australia's foreign policy has been a subject of debate, with Malcolm Turnbull proposing new laws in 2017 to address US and China's competition. Critics argue these restrictions threaten intellectual freedom and the political atmosphere. Attorney General Christian Porter has expedited the passage of these measures,

revealing additional rules for foreign principals and agents (Brophy, 2019).

AUKUS

The United States, Australia, and the United Kingdom have formed a historic security alliance in the Asia-Pacific region to oppose China. Building nuclear-powered submarines using US-supplied technology is the alliance's end objective. However, China has criticized the pact as irresponsible, undermining regional peace and intensifying the arms race. The alliance also caused a dispute with France (BBC NEWS, 2021).

QUAD

Since 2016, the US-led rules-based system has deteriorated, leading to an Indo-Pacific consensus among four states. Australia and Japan established the Quadrilateral Security Dialogue to protect the international system. The COVID-19 pandemic has brought Quad states closer, but hostilities with China have worsened. Australia opposes China's oppressive conduct, causing a "freeze" in relations. To counter Chinese influence, Australia provides undersea communications cables to Solomon Islands and Papua New Guinea (Journal of Indo-Pacific Affairs, 2021).

The South China Sea Conflict

Australia's involvement in the South China Sea diplomatic dispute aligns with the US's declaration that Beijing's claims are "absolutely illegal." Australia's legal stance on maritime disputes is vague, preventing a detailed declaration of opinion. Australia opposes the PRC's assertion of "historic rights" in the region, indicating little success for international law. The PRC's response raises the risk of economic pressure to penalize Australia (The interpreter, 2020).

One Belt One Road

The Australian government's cancellation of a Belt and Road deal between China and Victoria has strained diplomatic and commercial ties between Beijing and Canberra. Victoria joined China's Belt and Road Initiative in 2018, but Beijing criticized the decision, claiming it would worsen ties. The 2020 COVID-19 probe worsened the political climate between China and Australia, making it harder for Australian goods to enter the Chinese market (Ben Westcott, 2021).

Common Interests of Australia and China to Improve the Trade and Economic Relation

A relationship can be advantageous to both parties from a diplomatic, political, commercial, educational, and economic standpoint. As far as we know, Australia-China has been actively engaged in their relations since the 1970s' early years.

Cultural Interest

Chinese immigrants have become a significant minority in Australia's society, with many becoming citizens. Melbourne, Sydney, and Brisbane have Chinatowns, and Melbourne and Sydney host Chinese New Year celebrations. Kevin Rudd, who used to be prime minister, has strong links to Chinese society because he learned Chinese at the Australian National University. China has built Confucius Institutes with Australian colleges, promoting stronger cultural relations. Over 126,000 Chinese students went to college in Australia in 2011. It is a well-known college destination for Chinese students.

Economic Interest

Until 1912, there was almost no bilateral trade between China and Australia, with the majority of goods going to the British Empire. Chinese tea, rice, and luxury items were the most common imports to Australia, while Chinese silver, copper, gold, and pig lead were the most common minerals. Additional commercial and market-oriented shifts occurred between 1972 and 2020 when a Chinese table tennis team visited New Zealand and Australia. Mostly for coal, iron ore, and liquefied natural gas, China is Australia's most important trading partner. Australia's mining corporations heavily rely on China for exports. Bilateral commerce in 2010-2011 was valued at A\$105 billion, with Australia exporting \$64.8 billion and China importing \$41.1 billion. Australia has provided China with cutting-edge technology, including the Houbei class missile boat. Since 2020, Australia imposed new rules on foreign acquisitions and prohibited the importation of defective masks and kits from China, deteriorating relations with China and causing a 61% drop in Chinese investment and exports (The Encyclopedia, 2022).

Political Interest

China is becoming a more important political and economic power in the Asia-Pacific region, but the Howard government has eschewed closer political and military links with Beijing. As a Middle Power country with security arrangements with the US, Australia's economic ties with China have improved. With a 29-point increase from 2018, 75% of Australians now believe China will be a military threat in the next two decades. In 2022, although 63% of Australians see China as a security danger, 33% regard it as an economic partner (The Encyclopedia, 2022).

Foreign Investment or FDI and National Security

Australia and China are major trading partners with rules promoting foreign investment but maintain restrictive policies. Corporations and funds from both countries make international investments, with Chinese companies increasingly investing in Australia. National interest and security are major factors in their FDI policies. China has a complex, heavily regulated investment structure, while Australia uses a case-by-case screening approach. However, their regulatory orientations have led to different outcomes (The Conversation, 2017).

One Belt One Road (OBOR)

China's One Belt, One Road (OBOR) program connects China's impoverished interior with Europe, the Middle East, Africa, and Southeast Asia. Australia, which joined the party late, has shown interest in OBOR. However, smaller businesses and disadvantaged industries are less eager to explore risks and prospects. Australia should continue participating in AIIB and OBOR to avoid missing out on opportunities and influence the region's future (The Conversation, 2017).

Initiatives to improve China-Australia trade and economic relations

The initiatives which are taken to improve the Australia-China Trade and Economic relations are given below:

Australia and Its Pacific Islands

The Australian government is giving the Pacific Islands top priority when it comes to its strategic interests, emphasizing increased economic support, heightened diplomatic presence, and improved security cooperation. In 2018, Prime Minister Scott Morrison promised a 'move up' in the 2017 Foreign Policy

White Paper, including additional economic support and cooperating with Papua additional Guinea to rehabilitate the Lobrum naval facility. However, Australia's policy towards the Pacific Islands is often ineffective, and it should be more open in discussions about China's growing influence and its impact on the region (Wallis, 2020).

ATS

Australia should prioritize its support for the ATS, boosting the importance and visibility of our work in the Antarctic. Instead of emphasizing our claim to the Australian Antarctic Territory (AAT), we should highlight the ATS values. Internationally, we should make a concerted effort to dispel the fallacy that a review of the Madrid Protocol in 2048 will open Antarctica's resource wealth. We should utilize our advantages in multilateral diplomacy within the ATS. Canberra should keep an eye on Chinese activity in the ATS and Antarctica, as well as increase its marine knowledge of the Southern Ocean, but should avoid going into geostrategic panic (Young, 2021).

China–Australia Free Trade Agreement (ChAFTA)

The implementation of the China-Australia Free Trade Agreement (ChAFTA) in 2015 has yielded substantial benefits for Australia, including increased competitiveness in the Chinese market, economic development, and job creation. China is Australia's largest commercial partner and its primary export market for resources, services, and agriculture. Australian barley and sorghum exports are no longer subject to tariffs thanks to ChAFTA, and tariff reductions on other agricultural exports are anticipated (Australian Government Department of Foreign Affairs and Trade, 2020).

The meeting between Wang Wentao, China's minister of commerce, and Don Farrell, Australia's minister of trade

Don Farrell, the trade minister for Australia, spoke virtually with Wang Wentao, the commerce minister for China, on February 6, 2023. This encounter, which took place for the first time since 2019, was described by Farrell as "another crucial step in normalizing Australia's relations with China." At same time, Farrell also disclosed that he had agreed to visit his Chinese counterpart Wang Wentao in person in Beijing. The declaration is the latest recent indication that relations between the two nations are improving (Australian Government Department of Foreign Affairs and Trade, 2020).

Xi-Albanese Meeting at G20

China and Australia celebrated their 50-year bilateral relationship in 2022, with both leaders convening in Bali during the G20 Summit. Despite recent difficulties, their relations have improved, with both countries resuming contact and China reopening to the world. Despite economic challenges, China's GDP is expected to grow. At the G20 Summit, Australian Prime Minister Anthony Albanese and China President Xi Jinping agreed to promote stable development of Australia-China relations and increase collaboration on key areas like climate change, economy, and trade (China Briefing, 2023).

China Visits by Australian Foreign Minister Penny Wong

Australian Foreign Minister Penny Wong visited China on December 21, 2022, marking the 50th anniversary of diplomatic relations. She met with China's Foreign Minister Wang Yi to discuss defense,

consular concerns, climate change, trade, and economic issues. In 2021, China received \$14.5% more Australian investment, totaling USD 5.9 billion. Despite the COVID-19 pandemic, 46% of businesses localized their sourcing and sales within China, resulting in a 19% growth. The Regional Comprehensive Economic Partnership (RCEP) aims to foster trade and investment among ASEAN countries through better trade laws, preferential access to the Indo-Pacific region, and economic cooperation (China Briefing, 2023).

Discussion

Australia's top commercial partner, China, has seen a 1,000-fold increase in two-way trade volume over the past 40 years. The two countries share economic interdependency, with Australia exporting Pearls, precious stones, meat, copper salt, and sulphurets to China and importing electrical and electronic equipment, plastics, iron, and aluminum from China. Though they have different diplomatic problems, their bilateral relationship gets stronger based on trade and economics. The relationship between these two countries can be measured by seeing the export-imported goods and percentage.

Australia's ties to Southeast Asia and India, two regions where the middle class is expanding and resource demand is rising, are expected to be strengthened. The likelihood is that China's sanctions will only be loosened gradually. Although they have improved somewhat, Australia-China ties are still prone to collapse for any cause as the confrontation between the United States and China becomes more extreme. When Australia asked for a fair investigation into the start of the COVID-19 pandemic in April 2020, China strongly opposed this. The debate got worse. Since 2016, the dispute has been getting worse.

China's primary response to the imposition of rules and fees on Australia's exports to China was to retaliate financially. In the coming years, demand is likely to rise for a wide range of goods, such as coal, copper extract and rock, cattle, wheat, wine, and timber. During his 2014 G20 visit and parliamentary speech, President Xi Jinping cut the gap between China and Australia by a large amount. The leaders of these two countries then chose to sign a free trade agreement (FTA), which turned their relationship into a full-fledged strategic partnership.

Australia's first foreign policy white paper in fourteen years came out in November 2017. It showed that the country had changed its mind about China. The amount of goods sent between China and Australia reached \$220 billion in 2022. The amount of goods moved between China and Australia went up a lot, from \$287 billion in 2023 to \$164.82 billion in June 2024. This figure demonstrates the continued significance of the economic connection between the two nations, as both imports and exports impact it.

The trade primarily consists of commodities such as iron ore from Australia and manufactured goods from China. If Australia desired better connections with China, it needed to take off its rose-colored glasses and see China's growth more favorably. Strengthening bilateral relations and expanding regional economic cooperation will benefit both China and Australia. Putting economics ahead of politics seems like a beneficial way to boost common interests. So, they should take initiatives to improve the trade and economic relations. Some of the initiatives are already taken like ChAFTA, DTA, ATS, bilateral investment etc. The initiatives are important for the economic prosperity of both countries.

Conclusion and Suggestions

The bilateral economic relations between China and Australia have been robust in the late 20th to early 21st century, with robust trade, significant investments, and strategic partnerships. Australia has expanded trade in commodities like iron ore, coal, and natural gas, while China provided manufactured goods and technology. Despite occasional political tensions, economic ties have deepened due to mutual economic benefits, complementary economic structures, and the implementation of the China-Australia Free Trade Agreement (ChAFTA). The relationship emphasizes the importance of economic diplomacy and resilience in navigating global economic shifts. Australia faces “grey rhino” threats from China, such as a hard landing in Chinese economic growth and China using its business connections to penalize Australia for political differences. Over the past ten years, Australia and China’s economic relationship has changed significantly, with China emerging as Australia’s top trading partner. Political and economic considerations have contributed to the increase in tensions, such as Australia’s decision to bar Huawei from its 5G network and its backing for an international investigation into COVID-19 origins. China has imposed several economic sanctions on Australia, including taxes on exports, which have significantly reduced trade and affected the Australian economy. In the twenty-first century, China’s foreign policy with Australia will be determined by how they handle geopolitical and economic obstacles. To guarantee a peaceful and successful future for the region, both countries must continue their positive engagement and open lines of communication.

Finally, to ensure the sustainability of China-Australia bilateral economic relations, policymakers should focus on strategies such as diversifying trade portfolios, promoting innovation, developing resilient supply chains, adhering to stringent environmental standards, and fostering continuous diplomatic engagement. Prioritizing policies that create mutual economic benefits, such as renewable energy and technology, can enhance cooperation in emerging industries. Australia should balance their interests with major powers like the USA and China, avoiding ties or treaties that go against each other. Australia’s ban on 5G in the country for security purposes has caused problems between Australia and Huawei Company. China can act as an arbitrator between Huawei Company and Australia, while the South China Sea dispute is causing serious diplomatic problems. Both countries should follow International Maritime Law to solve these issues and build a more sustainable and resilient economic partnership that adapts to changing global dynamics. Negotiations can help resolve issues like human rights and religious liberty while maintaining a balanced relationship with China.

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