

# POLICY BRIEF

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## Australia-China clashes in the COVID-19 era: Adjusting to a “new normal” in bilateral relations?

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### *The COVID-19 Pandemic: A critical juncture in the Indo Pacific geopolitical landscape*

The spread of the novel Corona Virus COVID-19 from the Chinese province of Hebei across the world has resulted in a global pandemic of catastrophic proportions. Certain countries have been affected more severely than others, and there have been glaring disparities in how national governments have responded to the outbreak. In addition to the global death toll of 400,000 (and counting), the industrial and financial disruption has been severe, with the Asian Development Bank estimating the loss to the global economy at between USD\$ 5.8-8.8 trillion.<sup>1</sup> To overcome the current crisis, and work toward a vaccine, global solidarity, including cooperation through multilateral organizations like the World Health Organization (WHO), is desperately needed.

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And yet, the immediate focus on taming the COVID-19 pandemic has not entirely obviated the time-honoured practice of *Realpolitik* (“power politics”). Putting aside the pressing need to cooperate internationally to defeat the pandemic, it has not taken long for nationalist tendencies to emerge in the midst of the crisis, leading to a “propaganda war.” The United States and the Peoples Republic of China (PRC) have both resorted to (sometimes absurd) accusations relating to the alleged “man-made” provenance of the virus, and these have stoked nationalist sentiment among populations already suffering from deaths/illness, social isolation, economic losses, and the prospect of a bleaker future due to COVID-19. Indeed, it would appear the magnitude and multidimensionality of the COVID crisis has only served to bring many simmering geopolitical and geoeconomic tensions to a head. Even during the height of the

<sup>1</sup> Asian Development Bank, ‘Updated Assessment of the Potential Economic Impact of COVID-19’, May 2020, <https://www.adb.org/publications/updated-assessment-economic-impact-covid-19>

outbreak in Wuhan, and now after its apparent recovery, the PRC has maintained and even increased pressures on Taiwan, Hong Kong, and in other territorial disputes, such as the South China Sea (SCS). As Prof. Aaron Friedberg of Princeton University observes - ‘Beijing’s behavior has marked a continuation and, in certain respects, an intensification of trends visible before the crisis began.’<sup>2</sup>

President of the National Bureau for Asian Research (NBR), Kenneth Pyle, concurs that COVID-19

‘has acted as a kind of catalyst speeding up and intensifying the other motive forces that predated it. By distracting and further dividing nations, the pandemic has made cooperation more difficult. The cumulative effect is to create an epochal time of crisis and looming danger.’<sup>3</sup>

Whilst Peter Jennings, Director of the Australian Strategic Policy Institute (ASPI), attests that

‘COVID-19 has further accelerated strategic change, made the challenges of dealing with a more assertive China more immediate and difficult, highlighted the inadequacies of the Trump administration and deepened worries about US capacity and intent to underwrite Indo-Pacific Security.’<sup>4</sup>

In the COVID-era we are likely to see the

cleavages between China and “the West” in particular, widen, and tensions increase. As the originating state of the pandemic, the government of China bears an awesome responsibility. This natural predicament is exacerbated by revelations that the Chinese Communist Party’s (CCP) initial response to the national outbreak left much to be desired. This has led to unwelcome scrutiny of China’s communist political system by the world at large. In this context Jagannath Panda of Institute for Defence Studies and Analyses (IDSA) argues ‘China will find it hard to dismiss the notion that the Covid-19 has revealed a poor governance structure that puts the entire world in danger.’<sup>5</sup> Yet so far, despite the CCP’s attempts to spin an *ex post facto* narrative of charity and assistance through the provision of (sometimes faulty) Personal Protective Equipment (PPE) to afflicted countries - so-called “mask diplomacy”- Beijing has vehemently attempted to deflect questions of accountability for the outbreak. But, according to Keith Richburg from the University of Hong Kong ‘around the world, this narrative is being met with derision and outright hostility.’<sup>6</sup>

While a guarded posture is quite predictable and understandable on the part of the Chinese government, such a stonewalling approach is extremely unlikely to satisfy states that have suffered so severely from the pandemic. The CCP simply cannot admit to its own people or the international community any failings in its governance, however apparent, or it risks undermining its own legitimacy. Nevertheless,

2 Aaron Friedberg, ‘A Clarifying Moment: The Covid-19 Pandemic and the Future of the U.S.-China Rivalry’, *The New Normal in Asia Series*, The National Bureau of Asian Research, 29 May 2020, pp. 2-3.

3 Kenneth Pyle, ‘Profound Forces: The Pandemic as Catalyst’, *The New Normal in Asia Series*, The National Bureau of Asian Research, 21 May 2020, p. 1.

4 Peter Jennings, ‘National security strategy can help us build key alliances to counter China’, *The Australian*, 2 May 2020, p. 15.

5 Jagannath Panda, ‘PacNet #19 – Five Reasons Why Xi’s ‘Peking Model’ Will Struggle Post-Covid-19’, *Pacific Forum*, 7 April 2020.

6 Keith B. Richburg, ‘Covid-19 will permanently alter China’s relations with the world’, *The Strategist*, Australian Strategic Policy Institute, 24 Apr 2020.

Richard Maude, of the Asia Society Policy Institute claims ‘The net effect of Beijing’s handling of the pandemic will be a further corrosion of trust in China in the United States, Australia, Europe and parts of Asia.’<sup>7</sup> Moreover, populations and politicians enraged by the suffering caused to their own countries are hardly likely to assist with the CCP’s desire to play down its culpability. As Ralph Cossa, President of the Pacific Forum Center for Strategic and International Studies (CSIS) argues, ‘with China’s failings more evident and with the pandemic hitting the US so badly, the political class will focus even more on China and in particular the administration will want to blame China.’<sup>8</sup> The ongoing fallout from the COVID-19 crisis is therefore accompanied by further increases in the strategic mistrust that has been building between China and the West over recent years.

***Australia: caught in the crossfire***

The Australian case brings into sharp relief the various dilemmas faced by Western states in their bilateral relations with China in the COVID era. As a middle power country with a high degree of economic interdependence with China, and a committed US ally, used to forthrightly articulating its national interests and values in its diplomacy, Australia finds itself in an uncomfortable predicament. Bilateral relations with the PRC, already testy, have deteriorated further during the COVID crisis, with Australian calls for an independent inquiry into the outbreak in Wuhan triggering a cascade of diplomatic censure and retaliatory measures from Beijing. As a result, according to Ashley

Townsend, ‘Australia is the new frontline for China’s use of disinformation and economic coercion amidst COVID-19.’<sup>9</sup>

There are at least four intersecting aspects to the diplomatic imbroglio with China in which Canberra now finds itself. These include (i) diplomatic dissonance; (ii) economic coercion; (iii) conflicting values and interests; and (iv) risks to national sovereignty.

(i) *Diplomatic dissonance:*

The experience of Australia during the COVID crisis is in many ways indicative of the increasing diplomatic challenges states face in dealing with an assertive China set against the backdrop of heightened regional tensions and sharpening Sino-American rivalry. As Michelle Grattan, Professorial Fellow at the University of Canberra, attests ‘COVID-19 has simply brought to the surface, in dramatic fashion, the deep and long-term bind Australia is in.’<sup>10</sup> Despite a short-lived attempt to “reset” Australian-China relations under former Prime Minister Turnbull in 2017, the COVID-19 crisis has brought tensions once again to boiling point between the two countries.<sup>11</sup> Canberra’s initial call for an independent external investigation into the origin of the outbreak in Wuhan and reform of the WHO were met with apoplexy by the Chinese Government. In a masterly understatement, Maude records that ‘China’s sharp response to Australia’s call for an inquiry into the origins of the pandemic has again raised tensions in a bilateral relationship already loaded with disagreements.’<sup>12</sup> For some weeks Australia was subjected to a blizzard of

7 Richard Maude, ‘Looking Ahead: Australia and China After the Pandemic’, *Asia Society*, 13 May 2020.  
 8 Ralph Cossa, ‘Perspectives: US-China ties going backwards’, *Insights*, Asialink: The University of Melbourne, 8 May 2020.  
 9 Ashley Townshend, ‘China’s pandemic-fueled standoff with Australia’, *War on the Rocks*, 20 May 2020.  
 10 Michelle Grattan, ‘View from The Hill: Yes, we’re too dependent on China, but changing that is easier said than done’, *The Conversation*, 1 May 2020.  
 11 John Garnaut, ‘Australia’s China reset’, *The Monthly*, August 2018.  
 12 Richard Maude, ‘Looking Ahead: Australia and China After the Pandemic’, *Asia Society*, 13 May 2020.

diplomatic invective, with Chinese state media likening the country to “chewing gum stuck to the bottom of China’s shoe.”<sup>13</sup> Claiming that the call for an inquiry was a “political manoeuvre” (at the behest of the United States), the Chinese Ambassador to Australia, Cheng Jingye, threatened boycotts of Australian education, tourism, wine and agricultural products.<sup>14</sup> Seeking to calm the tense situation, Australian Trade Minister Simon Birmingham declined to “engage in cheap politicking over an issue as important as Covid-19”.<sup>15</sup> Such attempts to de-escalate tensions have so far proved in vain.

The issue was finally resolved when the World Health Assembly (WHA) brokered an EU proposal for a less intrusive investigation to be held at some unspecified future time.<sup>16</sup> Both sides claimed they had been vindicated, though the Chinese state-run *Global Times* continued to castigate Australia, declaring that ‘This is a slap to the face to countries like Australia - the most active player in pushing forward a so-called independent probe into China over the coronavirus outbreak, which was then rejected by the international community.’<sup>17</sup> Indeed, the offensive-defensive pattern of China’s diplomacy has received increasing attention among the victims of such “Wolf Warrior diplomacy,” as it has been dubbed by pundits. (This refers

to a series of over-the-top Chinese nationalist entertainment films, that few in the West have ever heard of, still less actually seen).<sup>18</sup> Wolf Warrior diplomacy does however dramatize the assertive actions and belligerent rhetoric of the rising power, especially during the COVID crisis. The best-selling memoirs of former Australian Prime Minister Malcolm Turnbull, *A Bigger Picture*, make repeated reference to Beijing’s “bullying tactics” for example.<sup>19</sup> While Australia’s former Foreign Minister, Alexander Downer, said of Ambassador Cheng: “Not since the days of the cold war have I seen an ambassador behave in such a reckless, undiplomatic way.”<sup>20</sup> In sum, ‘The fight over Australia’s inquiry proposal is emblematic of the immense difficulty of managing relations with China,’ according to Maude.<sup>21</sup>

(ii) *Economic coercion:*

As just indicated, Beijing’s indignation at Australia’s call for an international enquiry then shifted to economic retaliation, as the Ambassador had explicitly threatened. Australian policy-makers have long worried about the country’s heavy dependence on the Chinese economy for exports of minerals and foodstuffs, combined with significant incoming tourism and tertiary education revenues. This

13 Lily Kuo, ‘Australia called “gum stuck to China’s shoe” by state media in coronavirus investigation stoush’, *The Guardian*, 28 Apr 2020.

14 Embassy of the People’s Republic of China in the Commonwealth of Australia, ‘Transcript of Chinese Ambassador Cheng Jingye’s interview with Australian Financial Review political correspondent Andrew Tillett’, 27 April 2020.

15 Daniel Hurst, ‘Australia hits back at “provocative” and “cheap” Chinese embassy comments on Covid-19 inquiry’, *The Guardian*, 19 May 2020.

16 Ben Doherty, ‘World Health Assembly: what is it, and what is the coronavirus inquiry proposal?’, *The Guardian*, 18 May 2020.

17 Eryk Bagshaw, ‘No longer a joke: Why Australia’s COVID-19 inquiry campaign won the day’, *The Sydney Morning Herald*, 20 May 2020.

18 Kyoko Kuwahara, ‘China’s “Wolf Warrior Diplomacy”: The Limitations and Challenges Exposed by the Corona Crisis’, *JIIA Strategic Comments*, 16 May 2020.

19 Graeme Dobell, ‘Turnbull memoir lays out Australia’s shift on China’, *The Strategist*, Australian Strategic Policy Institute, 11 May 2020.

20 Nick Wiggins and Sasha Fegan, ‘Chinese ambassador’s coronavirus inquiry warning was “reckless, undiplomatic”, Alexander Downer says’, *ABC Radio National*, 30 April 2020.

21 Richard Maude, ‘Looking Ahead: Australia and China After the Pandemic’, *Asia Society*, 13 May 2020.

economic exposure, it has been feared, leaves Australia open to economic punishment if it diverges from, or diplomatically confronts, any aspect of Chinese policy. These warnings were realised with the unveiling of punitive tariffs on Australian barley, and various non-tariff obstacles implemented against the import of Australian beef, coal and iron ore.<sup>22</sup> It is standard practice that such deliberate retaliatory sanctions against countries that displease China (for example the suspension of rare earth exports to Japan during the 2010 Senkaku crisis), are never advertised as such; a fact helped by the target country's frequent compliance with the pretence as they scramble to limit the political or economic fallout. As Peter Hartcher of the *Sydney Morning Herald* notes

‘In public, the government is careful to play along with China’s pretence – its trade complaints against Australia are based purely on trade technicalities. But every member of the government knows full well that this is not about trade. This is about the Chinese Communist Party trying to bully Australia into submission’<sup>23</sup>

This is disputed by some commentators, such as Professor James Laurenceson from the Australia-China- Relations Institute (ACRI), who argues that there is no direct linkage between trade disputes and diplomatic ones (despite Chinese representatives explicitly making such a linkage this time around).<sup>24</sup>

Notwithstanding, the economic leverage that China enjoys over Australia, and so many other trading partners, has been increasingly

deployed as a form of “sharp power” designed to influence government policies in a way favourable to Chinese interests, and serve to chastise those that run against them. Since Australia has economically benefitted from the trading partnership and continues to do so, no politician or diplomat can afford to ignore the possibility that Beijing will use this lever. Regardless of the veracity or severity of the trade disruptions actually qualifying explicitly or implicitly as “punishment,” this possibility has a deep psychological impact on Australian behavior, as intended by its instigators. At the time of writing, the PRC has slapped a ban on travel by Chinese citizens to Australia, ostensibly due to the risk of them being subjected to racist attacks. Since international travel between the two countries is suspended at this time due to COVID-19 restrictions, this action is rather a highly symbolic warning designed to unnerve Australian businesses and tertiary education sector. With the announcement, the *Global Times* crowed that: ‘Australia should have considered the costs when introducing anti-China policies earlier,’ citing offenses such as ‘smearing China over the COVID-19 pandemic and spats over 5G and foreign investment issues,’ and closely collaborating with the US in its ‘anti-China strategy.’<sup>25</sup>

And yet, even as Beijing nakedly employs economic leverage to chastise Australia for its policy choices, indications emerge of its diminishing potency going forward. First, the conspicuous linking of unfriendly policy actions on Beijing’s part to Australian diplomatic choices expose the mutual fiction that economic punishment is simply an unfortunate and

22 Australian Associated Press, ‘Deputy PM “very concerned” over reports China’s power plants warned not to buy Australian coal’, *The Guardian*, 22 May 2020.

23 Peter Hartcher, ‘China can’t bully us into submission: the PM has Australians’ backing’, *The Sydney Morning Herald*, 15 May 2020.

24 James Laurenceson, ‘The Trade Dispute between Australia and China should be taken with a Grain of Barley’, *ACRI Opinion*, Australia-China Relations Institute, 5 June 2020.

25 Zhang Han, ‘China’s travel warning a result of Australian animosity, rocky bilateral ties’, *Global Times*, 7 June 2020.



unconnected coincidence. The end of this pretence has permitted more robust ripostes on the Australian side, with Treasurer Josh Frydenberg declaring that “We won’t bow to economic coercion [by China]...we will continue to talk up in Australia’s national interest and we won’t trade off health outcomes for economic outcomes.”<sup>26</sup> Second, the COVID outbreak emanating from China has already caused such enormous harm to the Australian economy, that threats from Beijing to cause further harm, not only appear unbecoming in the context of the pandemic, but only serve to tarnish further its already damaged reputation. Third, as the trade machinations are explicitly confirmed as economic coercion, and the overexposure of the Australian economy is revealed as a serious risk factor in bilateral relations, arguments to “decouple” and diversify away from the China market are given impetus. Such arguments will gain additional traction if the COVID crisis marks the end of China’s buoyant economic growth and diminishing demand for Australian goods and services over time (notwithstanding the fact that the PRC remains economically dependent on Australia, especially for mineral resources). ‘This trend away from China towards other markets and suppliers is likely to be accentuated as China looks less attractive in the wake of the pandemic’ argues Ralph Cossa of the Pacific Forum.<sup>27</sup> There are increasing calls therefore for Australia to wean itself away from ‘unhealthy economic dependence’<sup>28</sup> on a powerful and fractious state ever-willing to employ economic coercion and disrupt markets.

(iii) *Conflicting values and interests*

The latest drama in Sino-Australian relations has also served to expose more clearly the fundamental clash of values and interests between the two states. For some time, Australian policy makers convinced themselves that a mutually beneficial trading relationship could be quarantined from distinct -or rather incompatible - national values and interests. The COVID-19 crisis has revealed that this approach is now untenable, if it ever was. As Maude points out

‘Australia’s headache is not just that China has become much more powerful, but also that it has become more authoritarian, ideological and nationalist under President Xi Jinping. China’s foreign and domestic policies are conflicting more often with Australia’s interests and values. The gap between the two countries’ political, economic and legal systems is starker than ever.’<sup>29</sup>

Whereas in the past, the clash of values and interests could be overlooked or circumvented, they are now in more direct collision due to the increasing intensity of Chinese interaction with the world. In the COVID inquiry imbroglio and economic ructions that followed it, Prime Minister Scott Morrison, like Frydenberg above, reiterated the importance of Australia cleaving to its “values” and “national interests” in recent press conference.<sup>30</sup> As a Western liberal democratic capitalist country, allied to the United States, that emphasises freedom, human rights and a rules-based order, finding a modus vivendi with an authoritarian communist dictatorship implacably opposed to US-alliances,

26 Treasurer of Australia Josh Frydenberg, ‘Interview with Peter Stefanovic, First Edition, Sky News’, 29 April 2020, <https://ministers.treasury.gov.au/>

27 Ralph Cossa, ‘Perspectives: US-China ties going backwards’, *Insights*, Asialink: The University of Melbourne, 8 May 2020.

28 Michael Evans, ‘Australian Strategy and the Gathering Storm in Asia’, *Quadrant*, 14 April 2020, p. 22.

29 Richard Maude, ‘Looking Ahead: Australia and China After the Pandemic’, *Asia Society*, 13 May 2020.

30 Prime Minister Scott Morrison, ‘Press Conference, Australian Parliament House, ACT’, 15 May 2020, Australian Parliament House, Canberra.

that is now demonstrating its formidable economic and now military strength across the Indo Pacific, was always going to be a tall order.

More attention has been needed to bridge this ideological divide, and learning how to manage relations with China has become an utmost priority in Australia, with a proliferation of think tanks (such as China Matters, the Australian Centre on China in the World and Australia-China Relations Institute) dedicated to interpreting the middle kingdom for Australians. A recent addition is the National Foundation for Australia-China Relations, to be housed in the Department of Foreign Affairs and Trade (DFAT). According to its remit

‘The Foundation demonstrates the Australian Government’s commitment to a mutually respectful relationship with China, one that is shaped by a strong sense of Australia’s values and national interests, as well as mutual benefit.’<sup>31</sup>

These efforts are commendable, even if the dividends do not appear obvious at this present juncture, but among strategic analysts there remains an uneasiness as to how Australia with its antithetical values and interests will find an appropriate place in a potentially Chinese-dominated future world order. As Prof. Michael Wesley of the University of Melbourne argues ‘For all of its talk of “shared destiny,” nothing about contemporary China gives cause for confidence that a Beijing-centred regional order will be sympathetic to our values or interests.’<sup>32</sup> Even as the Australian government attempts to obfuscate and finesse the bilateral

relationship – euphemistically dubbed since 2014 a ‘comprehensive strategic partnership’ - despite the absence of any meaningful substance to the title, it must be ever mindful of the very real constraints on cooperation. For example, Australian sympathies with democratic movements in Taiwan and Hong Kong are difficult to square with obeisance to Beijing. As Maude concludes ‘No Australian government can ignore the immense clash of interests and values that today’s China creates and the limits this inevitably puts on the relationship.’<sup>33</sup> Former diplomat, Peter Varghese claims that ‘What we need is a clear-eyed engagement with China which serves our interests and is faithful to our values.’<sup>34</sup> With such limited room for manoeuvre, this is easier said than done.

#### (iv) *Australian sovereignty at risk?*

The somewhat belated realisation that their values and interests are for the most part incompatible with those of the PRC, as brought home to Australians in the course of the COVID-19 feud, has further animated debates about the necessity of safeguarding national sovereignty against both external and internal challenges. In principle, Rory Medcalf, Head of the National Security College, argues: ‘nations large and small have a deep-seated need to protect their sovereignty – not only their territory but their ability to make independent decisions in line with their national interests, values an identity.’<sup>35</sup> Some more hard-line critics of the PRC, such as Liberal MP Andrew Hastie, Head of Parliament’s Intelligence Committee, and other assorted politicians/strategic commentators have adopted the moniker of

31 Australian Government, Department of Foreign Affairs and Trade, ‘National Foundation for Australia-China Relations’, <https://www.dfat.gov.au/people-to-people/foundations-councils-institutes/>

32 Michael Wesley, ‘Reimagining Australia’s place in a new world order’, *The Australian*, 17 February 2018.

33 Richard Maude, ‘Looking Ahead: Australia and China After the Pandemic’, *Asia Society*, 13 May 2020.

34 Peter Varghese, ‘Australian universities and China: we need clear-eyed engagement’, *The Strategist*, Australian Strategic Policy Institute, 23 August 2019.

35 Rory Medcalf, *Indo-Pacific Empire: China, America and the contest for the world’s pivotal region* (Manchester: Manchester University Press, 2020), p. 244.

“wolverines” to distinguish their robust stance towards Beijing.<sup>36</sup> Together such voices warn of the dangers of compromising Australian sovereignty. Harcher cautions that ‘Beijing wants greater control over our country as the price of doing business.’<sup>37</sup> As such, Chinese government spokespersons or state-controlled media outlets regularly censure Australia for pursuing what it calls “wrong” or “incorrect” national policies – i.e. those not approved of by the CCP, such as the banning of telecom giant Huawei from Australia’s 5G network.<sup>38</sup> This has been repeated during the COVID crisis, with Geng Shuang from the PRC Foreign Ministry claiming that the ‘Australian side’s erroneous words and deeds recently have upset the Chinese people and that they may impact bilateral relations.’<sup>39</sup> Economic reprisals soon followed, as indicated above.

Protests that Australia is a sovereign nation, so often made by China itself, are of little avail. ‘Nor does Beijing accept that Australia has genuine concerns about some Chinese policies and behaviours,’ Maude claims, and: ‘China’s inflexible position is that all problems in the bilateral relationship are Australia’s fault.’<sup>40</sup> This, many commentators contend, is due to imperfect understanding of China, rather than genuine disagreement. Yet, in the midst of the COVID-19 crisis a number of incidents occurred that troubled the Australian public. For example, China continued to permit incoming flights to Australia from Wuhan even *after* it imposed

internal restrictions on domestic movement due to the outbreak. Yet, when Canberra belatedly moved to ban such connections, it was accused of “racism” (a frequently played card in the PRC diplomatic repertoire). In addition, before the virus was recognised as a global pandemic, a Chinese property development business in Australia received instructions to buy up and export much needed PPE equipment for shipment to China, reducing much-needed national stocks.<sup>41</sup>

There is also an internal dimension to the “sovereignty at risk” debate. The extent of Chinese attempts to subvert the domestic politics of Australia through influence operations have only fuelled negative perceptions of the PRC. Rampant cyber-attacks and espionage in Australia, attempts to buy-off politicians, growing Chinese ownership of national assets including critical infrastructure, have all drawn critical attention.<sup>42</sup> This has led to calls to restore national ownership or otherwise limit Chinese control of critical infrastructure, and national strategic assets, in an echo of similar calls for “decoupling” in the United States. The nationalist activities of Mainland Chinese students caught in clashes with local and Hong Kong pro-democracy advocates on campuses has also proved embarrassing for tertiary institutions nominally committed to the principle of freedom of expression.<sup>43</sup> Like Australian businesses, universities also take pains not to upset the Chinese government since they

36 James Curran, ‘China challenge needs clever diplomacy not shrill crusades’, *Financial Review*, 21 January 2020.

37 Peter Harcher, ‘Red Flag: Waking up to China’s Challenge’, *Quarterly Essay*, no. 76 (2019), p. 68.

38 Lee Chyen Yee and Meg Shen, ‘China says Australia has made ‘wrong decision’ after Huawei ban’, *Reuters*, 23 August 2018.

39 Embassy of the People’s Republic of China in the Commonwealth of Australia, ‘Chinese Foreign Ministry Spokesperson’s Remarks’, 29 April 2020.

40 Richard Maude, ‘Looking Ahead: Australia and China After the Pandemic’, *Asia Society*, 13 May 2020.

41 Kate McClymont, ‘Second developer flew 82 tonnes of medical supplies to China’, *The Sydney Morning Herald*, 26 March 2020.

42 John Garnaut, ‘How China Interferes in Australia and How Democracies Can Push Back’, *Foreign Affairs*, 9 March 2018.

43 The Australian, ‘Editorial: University of Queensland emulates China on dissent in Drew Pavlou case’, *The Australian*, 7 May 2020.



too are vulnerable to capricious boycotts.<sup>44</sup> Questions also remain as to the desirability of research collaborations with Chinese institutions aimed at potential law enforcement or military applications, as well as the controversial role of Confucius Institutes and the United Front organisations on campus. Grattan attests that ‘the over-reliance of many Australian universities on Chinese students has been recognised for some time. It is now obvious this should be rectified.’<sup>45</sup> Nevertheless, some scholars, such as Iain Henry of the Australian National University, cautions against the tendency to view every negative interaction with the PRC as a threat to Australian sovereignty, and to reduce every policy contest to a simple binary between resistance and capitulation. In relation to the recent trade sanctions, he argues: ‘This is economic coercion, but it is not an attack on sovereignty.’<sup>46</sup> Policy makers must therefore discern carefully the risks to sovereignty and “pick their fights” accordingly.

### **Conclusion**

The Corona virus pandemic is a colossal public health crisis that has severely shaken both national economies and the global economy in general. Yet behind the chaos and disruption the outbreak has caused to societies, existing geopolitical divisions have begun to quickly resurface, driven by the nationalist sentiment the pandemic has stirred. As argued above, the crisis has also exposed the difficulties that countries like Australia face in managing their fraught relations with the PRC. The diplomatic backlash experienced by Canberra as a result of its call for an independent inquiry

into the precise origins of the Wuhan outbreak, have put all small and medium sized states on notice about the consequences of courting Beijing’s displeasure. The CCP’s manipulation of Australian economic vulnerabilities combined with the leveraging of its internal influence assets, make it more and more difficult for the country to stand by its national interests and values in the service of a truly independent and sovereign foreign policy. According to Friedberg ‘the regime’s arrogance and high-handedness have served as a clear warning, especially to weaker “middle powers,” of what it would be like to live in a world dominated by China.’<sup>47</sup>

Thus, the COVID crisis has alerted Australian decision-makers to the de facto nature of interaction with the PRC, and further advertised the liabilities of economic overdependence on one country. Whether Australia will take away the appropriate lessons from the crisis, and whether it is willing and able to adjust its policy settings to the (post-) COVID era “new normal,” remains open to question. Grant Newsham Senior Research fellow at the Japan Forum for Strategic Studies, is optimistic when he states ‘One suspects the Australians will stand firm on security and sovereignty. But alone, Australia isn’t enough to forestall PRC domination of the region.’<sup>48</sup> His second point serves to reinforce growing calls for increased cooperation with like-minded partners across the Indo Pacific region, with a new priority on relations with India and Japan especially, increasingly featuring in debates among the strategic commentariat in Australia.

44 Peter Varghese, ‘Australian Universities and China’, Speech by Mr Peter Varghese AO, Chancellor of The University of Queensland, to the 2018 National Conference on University Governance, 4 October 2018, Adelaide.

45 Michelle Grattan, ‘View from The Hill: Yes, we’re too dependent on China, but changing that is easier said than done’, *The Conversation*, 1 May 2020.

46 Iain Henry, ‘The false dichotomy at the heart of Australia’s China debate’, *The Interpreter*, 18 May 2020.

47 Aaron Friedberg, ‘A Clarifying Moment: The Covid-19 Pandemic and the Future of the U.S.-China Rivalry’, *The New Normal in Asia Series*, The National Bureau of Asian Research, 29 May 2020, p. 3.

48 Grant Newsham, ‘Last chance for US to counter China’s rise’, *Asia Times*, 27 May 2020.