



Ear to Asia podcast

- Title:** Can Australia do better in its relations with China?
- Description:** China has been punishing Australia via trade sanctions and social media for actions taken by Australia's government that Beijing regards as part of a US-led strategy to contain its rise. How is Australia to balance its loyalty to its longtime ally, the United States, with the demands of its biggest economic partner, the ascendant China? Former Australian ambassador to China, Dr Geoff Raby, examines how Australia can navigate the uncharted waters of a changing global order. Presented by Ali Moore. An Asia Institute podcast.
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- Voiceover:** The Ear to Asia podcast is made available on the Jakarta Post platform under agreement between the Jakarta Post and the University of Melbourne.
- Ali Moore:** Hello, I'm Ali Moore. This is Ear to Asia.
- Geoff Raby:** The fact that we have one and a half million or thereabouts citizens of Australia who are of Chinese ethnicity means we will have to, and will always have a proper and constructive engaged relationship with China. And China is very much part of Australia.
- Ali Moore:** In this episode, can Australia exercise greater discipline in its relations with China? In this episode, where Australia fits in the shifting power relations across the Pacific. In this episode, China's ambitions and where Australia fits in the shifting global order. In this episode, calibration and control. Can Australia do better in its relations with China?
- Ali Moore:** Ear to Asia is the podcast from Asia Institute, the Asia research specialists at the University of Melbourne.
- Ali Moore:** China is Australia's largest trading partner, but right now the relationship is fraught. In recent weeks, timber from the state of Victoria became the latest export on a growing list of products Beijing has seen fit to ban from entry to its markets. The trigger for these unofficial, but very real trade sanctions was Australian Prime Minister Scott Morrison's unilateral call in March, to investigate China's role in the COVID 19 pandemic.
- Ali Moore:** And there have been other sources of tensions. The decision by Canberra to ban Huawei from Australia's 5G network. And Canberra's new foreign interference legislation. The moves are regarded by Beijing as part of a US led strategy to contain China. The export bans are designed to inflict pain on the Australian economy, which is already reeling from its first recession in 30 years. And more than ever, Australia finds itself caught between the United States and China, as the two superpowers jockey for supremacy. So how can and how should Australia balance its loyalty to its



longtime ally the United States? With the demands of its biggest economic partner, China? How is Australia to uphold its liberal democratic values while maintaining a strong working relationship with authoritarian Beijing?

Ali Moore: Joining me in our virtual studio to unpick Australia's complex relationship with these two giants. And to chart possible paths towards an independent foreign policy is former Australian Ambassador to China and long time China watcher, Dr. Geoff Raby. Geoff's new book on the topic, *China's grand strategy and Australia's future and the new global order*, is published by Melbourne University Publishing. Geoff, join me on Zoom. A big welcome Geoff to Ear to Asia.

Geoff Raby: Thank you much Ali. Delighted to be here.

Ali Moore: You described China as a constrained super power with a grand strategy forged in insecurity. Why constrained?

Geoff Raby: Oh, China is constrained by factors of geography. It has foreign countries on its border of 22,000 kilometres of land border to defend. Many of which have been hostile in recent times. It's constrained by its history. China is still an empire with unresolved territorial issues inside its borders. We think of Xinjiang, Tibet, Taiwan, are all obvious and now increasingly Hong Kong. Thirdly and most importantly in my view, and something that's not probably recognised is that China is severely constrained by its dependency on world markets. For nearly all the resources and energy it needs to keep its economic engines turning over. For 3000 years, China which is a rich country in terms of resource endowments, was largely self-sufficient. And then coming off the 1950, '60s population explosion, China was still self-sufficient but poor. It's only the second half of the 1990s that China becomes richer and richer and then very quickly so.

Geoff Raby: That suddenly finds it has to turn to the world markets for everything to keep itself going. As recently as the mid 1990s, China was self-sufficient in crude oil. 10 years later, it was the world's single biggest importer of crude oil. And the same is true for iron ore and many other key commodities. All of which until relatively recently, went through the South China Sea or the Straits of Malacca. Which the US with its preponderant naval power could shut in a heartbeat. For strategic planners in Beijing, this is a strategic nightmare that it faces. And finally, if China wish to project power, it needs to have soft power. And I argue in the book that China has very limited soft power. Not traditional Chinese culture, which is very rich and appreciated around the world.

Geoff Raby: But it's contemporary messaging about what China is, and whether it's a threat, and who his friends are? That's severely constrained because of the narrative having to go through the communist parties ideological prisons. For all those reasons, I don't see China as an existential threat. It's big, it's powerful, it's difficult, they can bully States. But it's a very different trajectory. It's tracing out to its rise to international ascendancy compared to that of the United States. Which had none of those constraints and a normal soft power



- Ali Moore: And yet even against that strategic nightmare as you painted. And all those constraints, it is dominant in the region, isn't it?
- Geoff Raby: Yes, absolutely. It's a dominant power by virtue of its economy alone. It's also very influential through overseas Chinese communities, individual businesses. But predominantly it's dominance of the region, which is I think beyond dispute. Derives from its massive economic weight. For every country in the region and none more so than Australia. China is the largest trading partner and biggest commercial relationship.
- Ali Moore: And so when you say that they are not an existential threat, I mean you argue that they are not likely to become a global or regional hegemony. You don't see China as expansionist, despite that domination in the region. Why not?
- Geoff Raby: Well, I think it's because of the constraints. I came at this, actually thinking about that question. You recall at the end of Henry Kissinger's book on China published about 10 years ago. What was a very good book I thought, ended rather poorly when Kissinger simply asserted that China was not expansionary. But I don't think one could base strategic or defence policy on assumptions about a country's future behaviour, or their predisposition. But after all Manchu, Qing Dynasty China was incredibly expansionary. Some people might argue that that's not Han China. They were Mongolians essentially, but nevertheless it was a very expansionary power in its day. But contemporary charter is constrained.
- Geoff Raby: And it's also limited to becoming a regional hegemony of mine by being surrounded by very powerful countries. Russia is one of course, but Japan most notably. And of course the US presence in the region will be enduring. Because of enduring US interests in the region. The scenario for China is nothing akin or similar to that of the United States and the Monroe doctrine. When at the turn of the last century, the US established hegemony in the Western hemisphere.
- Ali Moore: Where does the South China Sea fit into that though? China claims 90% of it. That claim didn't appear on maps until the 1940s?
- Geoff Raby: Well, yes and no. I mean, it depends whose maps and whose arguments you're looking at. I'm not a legal and technical experts in the law of the sea. But certainly that was on Japanese maps. And certainly the Nine-dash line area was ceded to the national Kuomintang government by the United States in the post '45 settlement. After the defeat of Japan, the South China Sea... Though, again, I would not look at it so much in terms of historic claims. I don't think they could ever be resolved. It's an area of major strategic interest to China. It's a near Island chain. They've always thought in terms of protecting themselves up to the near Island chain.
- Geoff Raby: And again, if you consider how much raw materials and energy go through those seas. China's intention is far from wanting to restrict or stop traffic through those seas. It's completely the opposite. Chinese strategists in Beijing look at this part of the world and think about it in terms of what they call the boot on China's throat.



They're a real major strategic threat. The Western strategic people look at it and see it as about China testing the limits of US power in East Asia.

Ali Moore: But China sees it as protecting its own territorial integrity?

Geoff Raby: Yes. And I think that goes back to part of China's grand strategies. I said that in the book. It has two main objectives. One is absolute protection of territorial integrity. And that derives from what China was like for a century before 1949 and the resolution of the civil war. And secondly, the protection of the ruling power of the communist party. And the two mutually reinforce each other. But South China sea then is seen as part of that territorial claim. And needs to be protected just as other parts of Chinese territory for part of the territorial integrity of China.

Ali Moore: When you look at China's grand strategy as you put it, are those two elements, protection of the party and territorial integrity. Is that it? Is that as far as that grand strategy goes? Not to say that, that's not far enough, but is that it as you see it?

Geoff Raby: Yes. And it's a strategy as I argue in the book is based on weakness, not strength. It's very defensive, very inward looking. That doesn't mean that there's outreach and the Belt and Road initiative is an example. China's use of sharp power through foreign interference. I see all of these elements rather than China trying to exert global hegemony, being much more about making the world comfortable and safe for the communist party. And also maintaining territorial integrity by having friendly countries or supplicant countries nearby.

Ali Moore: So let's look a little more at the Belt and Road initiative. And how that fits in that grand strategy. How much of that do you think... Well, it's not just about fitting into the plan and the aid for territorial integrity. But how much is it also about Central Asia? About being the dominant strategic player in central Asia?

Geoff Raby: Well, I think that's extremely important. I think that's often overlooked, particularly in capitals like Washington and Canberra. For most of China's history, China security has been derived from Central Asia. It's essentially a land based power. Extension of its power into Naval power and maritime power is very recent. I mean, we're literally talking about the last 20 years. But for all the time before that, China's security has been about its influence and position in Central Asia. And I would argue that China has now emerged as the dominant power in Eurasia. And that's happened partly because of Western sanctions on Russia for its behaviour in the Crimea, and Ukraine, and elsewhere.

Geoff Raby: And it's sort of threat to the Eastern fringes of Europe. Russia has had to cede dominance in Central Asia to China. China is obviously economically dominant by a long way. And also the major market for Russia and so on. But China has been able to for example, lay out the digital backbone of Eurasia. So we might block Huawei in Australia and China's laying it out across the whole of the Eurasia landmass. And China effectively is the dominant power now from Beijing to Warsaw.



- Ali Moore: What about the critics of the Belt and Road and those who see it as a potential debt trap? Or those who highlight the potential for the infrastructure that's been built to be repurposed for military use? Are they valid concerns? And to what extent do you think that security side of things is part of the strategy?
- Geoff Raby: I think all those concerns are valid. What I said about the Belt and Road though, it will always over promise and under deliver. And I think we see a lot of pushback against it. We also see a lot of countries embracing it. That's sort of reality how things work. And China's not necessarily any more adept at managing local political sensitivities across these vast territories. As any other country has been or will be. But one thing about Belt and Road and it ties back to the discussion we've just been having about central Asia and Eurasia. Is that its genesis is much earlier than the 2013 speech by President Xi Jinping in Astana, in Kazakhstan. When he laid out and used the phrase One Belt, One Road or in various forms of that.
- Geoff Raby: It actually goes back a decade earlier when China started to realise, the strategic planners in Beijing started to realise China's incredible vulnerability on the shipping lanes of the Straits of Malacca and the South China sea. As it became increasingly dependent on foreign sources of energy and resources. And it looked to open up new transport routes. And I recount a journey I've made on holidays, once back in September 2006, travelling from Xiniang over the Khunjerab pass into the Hunza Valley in Northern Pakistan. Terribly dangerous road when you get into the Hunza Valley. I just see it strung along by Chinese surveyors. Who were then already preparing the road for substantial upgrading. This is a main transport route from Central Asia to the Indian ocean.
- Geoff Raby: And that really I think is the sort of genesis of it. And it's a strategic response to strategic vulnerabilities. To try and find new transport routes where China was less vulnerable. Now with Xi's Astana speech, it got more of a political flavour, more of a policy that was to be accessible to other countries. It became much more than about recycling China's foreign exchange reserves. And finding a debt for the massive surplus capacity China has in infrastructure building. And then later Xi Jinping did wrap it up in a more ideological packaging. By talking about a common destiny of mankind. Some interpret that as China's effort to impose. Or Beijing's attempt to impose a sinocentric order on the world. I interpret that differently as China recognising its weakness. Saying that it's a world that needs to accept all types of political systems and not just a Western model.
- Ali Moore: Where do Hong Kong and Taiwan fit with the grand strategy, and the protection of territorial integrity? Particularly in the context of the new security law in Hong Kong and the increasingly aggressive language of Xi Jinping towards Taiwan?
- Geoff Raby: I think these are really, really big problems with Beijing. They're different, but they're very big problems. Taiwan's never been recognised or accepted as part of Chinese sovereign territories. Hence the discussion is about the return of Taiwan or the reunification of Taiwan. So they're regarded as a separate territories, although on's a state and one isn't. But the problem with Taiwan for Beijing and it's similar in



Hong Kong. Is that whereas the older generation of Taiwanese, always saw the ultimate place for Taiwan is rejoined and part of the motherland again. The younger generation no longer see that. Beijing has lost the younger generation. The younger generation do not see themselves as in any way part of mainland China. But as a territory with its own independent identity. It doesn't mean independence. It means an independent identity.

Geoff Raby: So it's going to be very difficult for Beijing going forward from here. And its language is a little more bellicose perhaps. But I think this is all part of Beijing trying to find a way of putting pressure on domestic political processes within Taiwan. But if you look at the outcome of the last election in Taiwan, they've had little or no impact whatsoever. Hong Kong is different though. A lot of people won't necessarily like what I've got to say. But the fact of the matter is with Hong Kong is that it is part of mainland China. It is part of the people's Republic of China. It is part of China's sovereign territory. And that happened on the 1st of July, 1997. When the colonial power Britain, without any consultation with the citizens of Hong Kong, handed Hong Kong back to China, governed by the Chinese communist party.

Geoff Raby: If there are any issues in that relationship between the UK and the PRC. Not between other countries. We may express concerns of general level about human rights, about democracy and so on. But the reality is the British returned Hong Kong to China Sovereign territory. And that's why I say it's similar, but quite different problems. But again the issue for Beijing is that they've lost the young generation in Hong Kong, patently. I was there on 1 July, 1997 for the handover. And it was palpable the excitement by young Hong Kong people for the return to the mainland. How absolutely it was embraced that we're getting our country, our identity. That we're getting away from British foreign colonialism. These were very real emotions at the time, but it hasn't worked out that way. And it hasn't worked out that way because Beijing itself has become more authoritarian over the years.

Geoff Raby: Now with the demonstrations late last year, it was clear once you had demonstrators burning the Chinese national flag, flying the American flag, calling for independence. This would be quite unacceptable to Beijing. And in some ways, Beijing exercise a high degree of restraint in the way it's managed the problem in Hong Kong. For Beijing and from a Beijing perspective. And then the new security legislation, Well that's what you'd expect I guess. And what's happened... And I said this in a column last year before things have developed anywhere near to this point. That effectively 2047 has been collapsed into the present. What was always going to happen in 2047 has just been brought forward to the present. It's unfortunate for Democrats in Hong Kong. It's unfortunate for people that are concerned about the rule of law and individual rights. But this was always going to happen under the British agreement that was made with the Chinese communist party all those years ago.

Ali Moore: And with Taiwan, do you see a military solution to Taiwan from Beijing's point of view? As you said that significant problem. They've lost the younger generation. What do they do with Taiwan?



Geoff Raby: Yeah, that's a really big question. And Ali, I really don't know. Except for I don't think there is a military solution. I think Beijing knows that. First and foremost, I just can't envisage any leadership in Beijing having public support for Han Chinese murdering Han Chinese on a massive scale. I just don't think that's going to in any way be acceptable. And I think any leadership in Beijing will be acutely aware of that. No matter how much the propaganda machinery really tries to whip up nationalism and patriotism around black hands. And foreign US interference. But because they've lost the younger generation, there will need to be other avenues. The other aspect of the military solutions. I just don't understand the logistics of how you actually occupy an Island of 25 million people and how you control it. How about the insurgency and guerrilla activity would be like. I just think a military solution is farfetched.

Ali Moore: You're listening to Ear to Asia from Asia Institute at the University of Melbourne. I'm Ali Moore. And I'm joined by former Australian ambassador to China, Dr. Geoff Raby. We're discussing China's ambitions and where Australia fits in the shifting global order. So let's bring in Australia now. How does Australia deal with China? As we said at the outset, relations are at their lowest ever. There appear to be no official lines of communication. And China is blocking Australian products at will. How did we get to where we are today?

Geoff Raby: I think we've got to where we are today, but not really understanding that we were caught up in the greatest power shift in modern history. That's still going on across the Pacific from the US to China. And that if the US, which it did several years ago, decided that it would resist China's ascendancy. And didn't even seek to contain China. Then that would create for Australia fateful choices. And I think really what we've done since about 2016 is align ourselves more and more closely with the United States. In its efforts to resist China's ascendancy and to effectively contain China. Everything else I think can be understood if you understand the framework. And it's very interesting. If you go to Hugh White's book of 2012, eight years ago now.

Ali Moore: This is the Australian Academic, Hugh White from the Australian National University.

Geoff Raby: Yes. Called the China choice. He said out very clearly that he wasn't talking about Australia's choice. He's talking about the US's choice. If the US chose to resist China's ascendancy, then this would have very big implications for Australia. And Australia needed to start preparing for the most likely possibility. And that would be that the US would seek to resist China's rise. As nearly all great powers do towards an ascendant power. But that the way to ensure peace and stability in the region would be for the US to provide China strategic space. So we're very much living in the world that Hugh White foresaw. And from Australia's point of view, our choice has been as I said, to join with the US in resisting China's ascendancy.

Ali Moore: Indeed, you say that policy in Australia today has become a binary choice between sycophancy and hostility. Is there any middle ground?



- Geoff Raby: I think there's great scope for middle ground. I think there's a lot we can learn from our neighbours. About a place that's comfortable for Australia that sits between sycophancy and hostility. Japan is a strategic competitor with China. They do have unresolved territorial issues between them. Some of which become very tricky with militaries trying to warn each other off. In particular the Senkaku and Diayou islands. But Japan has managed to deal with those issues. Deal with a very challenging relationship with China and keep its trade flowing normally. It's economic direction flowing normally. And most importantly of all, all of its diplomatic channels are open. And in fact Xi Jinping had planned to visit Tokyo this year had it not been for COVID-19.
- Ali Moore: In the Australian context though, isn't there a fundamental conflict between being so economically dependent on a country whose values just simply don't align with your own. And in the end doesn't something have to give?
- Geoff Raby: We've navigated that for decades. In that sense nothing's changed. What's changed is China has become bigger and more assertive. But the biggest thing has changed is that United States has declared China to be a strategic competitor. And you see this is an interesting thing. So for example, The Quad, once a grouping, whose name no one dare to speak. Because it is fundamentally about containing China.
- Ali Moore: This the US, Japan, India, and Australia.
- Geoff Raby: Yeah. And three of those members happen to be China's strategic competitors. The US, Japan and India of course. Which also has its own hot border issues with China. Australia is not a strategic competitor of China. We have no historical issues between us. We have no territorial issues. China is not a strategic threat to Australia. And yet Australia rushed to join a grouping whose founding principles is the containment of China. And this is the problem we have. There's a deep contradiction in our foreign policy. We try and talk the talk of cooperation with China. But we walk the walk of strategic competition. To a large extent, China is calling us out on that.
- Ali Moore: Can you give me I suppose some concrete examples of what that looks like in practise?
- Geoff Raby: Well, first of all enthusiasm and advocacy of the Quad. Enthusiasm and advocacy of the Indo-Pacific concept which is all about bringing India into balancing China. We had the most strident voice of all on the International Court of Justice decision from the Hague back in 2016 on the South China Sea. The fact that we were the first and for a couple of years the only country to comprehensively ban Huawei and 5G. And not just elements of it. And it was only this year, a couple of months ago under enormous US pressure that the UK moved to ban Huawei comprehensively. I mean, there's example after example where we've overreached. Where it really wasn't in our interest to do so. And it didn't have to be done the way we did it. And I think this is how it's seen and understood in Beijing.



Ali Moore: The critics of your commentary would argue that just as you say, when China does behave badly, it should be held to account. That, that is what Australia has done. Australia, again you said it needs to harden its internal defences. So whether it's the banning of Huawei, whether it's the foreign interference legislation, whether it's supporting the International Courts view of the South China Sea. That what Australia is doing is hardening its internal defences and holding Beijing to account.

Geoff Raby: Yeah, it's how you do it and what you say. And do you do it in company of others? And do you apply diplomacy? So for example, with the Prime Minister's call in March this year for an independent inquiry into the origins of COVID-19. Completely unexceptional. No one would have a problem with it. The problem is the way it was done and the timing of it. It was done at the height of Trump's anti-China rhetoric over it, the Wuhan virus, the China virus, you name it. And we did it alone. We didn't do it in company with anyone else. And we didn't consult anybody. And we could have even tried to consult China and see if they would be agreeable.

Geoff Raby: This is where there's a big gap between the talk and the wall. And we need much more diplomacy around how we manage these issues. And we need to be clear in our minds. Do we see China as a strategic competitor or a country with which we seek strategic cooperation? That's very fundamental. And I would argue that the default setting in Canberra now has become China is an incorrigible strategic competitor.

Ali Moore: You do make it another point in the book towards the end. That Australian policymakers who insist that speaking out loudly is welcome, and it's Australia standing up to a bullying China, have not prepared the public for the economic consequences of these policies.

Geoff Raby: Well, I'm saying that now I would submit. I think it's exactly what we're seeing now. And suddenly people are realising, "Oh dear there's costs." Now, if there are costs, we should know what the benefits are. And there needs to be a cost benefit analysis to this in some way. That we need to stand up the bully, poke the bully in the eye and not talk about the potential cost. I think is very misleading. And I think that's why it's very important that you understand the extent to which China really is an existential threat to Australia. What are we standing up to? I mean, it's very glib by politicians to constantly say, as they do almost every day, that they're defending Australia's values. But I'm not actually clear what values are under threat. Or I haven't seen any threat to the values.

Geoff Raby: Sure, China is different. And there are things about China's behaviour that we don't like. Wolf warrior diplomacy for example. Although it didn't begin this year, I trace it in my book back to the Iron Ore Wars. In the last decade we saw a lot of wolf warrior diplomacy from the Chinese. It's a brittle system, overreacts and behaves badly. There's no question, but that's the world we have to learn to navigate and live in. And to seek to mitigate the costs. And we don't have that conversation. And we can't have that conversation for as long as the China debate Australia has framed in terms of the binary choice between sycophancy or hostility,



Ali Moore: You do also write that Beijing has had little or no success undermining Australia's values. You were just saying that you struggle to see where they've managed to make an impact. But isn't the point that they've tried?

Geoff Raby: Yeah. I'm very upfront in talking about China trying these things. I make a big point about China having to rely on sharp power interference, bribery, you name it. To defend its interests as it sees them and understands them. But what's the impact? I mean, if it was about the South China Sea, it couldn't have been more counterproductive if you have tried. I think another part of this, there's two elements here. Intent and capacity. And whatever the intent is and acceptance as bad as anyone wishes to understand it. But then their capacity is severely constrained. Hence the importance of the chapter of the book about soft power and the lack of soft power. I regard CGTVN, the China's Global National Television Network, as one of the most wasteful investments China could have ever made.

Geoff Raby: Because if you look at the huge expansion of investment in that global television network, it corresponds exactly to the absolute collapse in China's standing globally. In terms of a trusted nation or a nation that will do the right thing. Now I know correlation is not causation, but it's telling nonetheless. So there's intent and there's capacity. And there's another element to this. And that is the strength of Australia's own institutions. And I think as I call it the China-threat industry does a great deal of harm by undervaluing, and under recognising, and appreciating the robustness, and the strength of our institutions. And I've seen nothing over five, six years of Chinese major sharp power effort in Australia. That has undermined the parliament, undermined the judiciary. And certainly not the media. In fact, if anything it's produced the opposite result in the media.

Ali Moore: If you look at that intent versus capacity, do we ignore intent?

Geoff Raby: No, I think recognise capacity. You can assume the worst intent you like. I mean, that's what strategic players do when they play strategic games. Game theory. Assume the worst intent, but then look hard at the capacity. And I circle back to the point about China being constrained superpower. Or as I call it Prometheus bound. Assume the worst and then what can it do? And on the margins, quite a lot of things as we've seen in the South China Sea. But I'm not sure what the strategic significance of what it's done on South China Sea really is. I don't see how it shifted any balance of power. I mean, if you're a Philippine fishermen or Philippine government, you might be unhappy. Vietnamese maybe unhappy. But the gains China's made look to me pretty marginal for the effort and the international opprobrium it's earned itself

Ali Moore: In terms of the Australian bilateral relationship. It does seem right now that we're bereft of a circuit breaker. Do you see a circuit breaker on the horizon?

Geoff Raby: Well, we need to have the will. I certainly agree with bereft at the present. I don't think it's necessarily that difficult. And I think in the last couple of months, we've seen a couple of indications from the Chinese. They want to put a floor under the



downward spiral in the relationship. But it requires a couple of things. One, I think upfront we need to have a very clear understanding at the highest level of governments. Is China a strategic competitor? Or do we seek longer-term strategic cooperation with it? Secondly, and following from that, the government and its ministers, and backbenchers have to be very disciplined in what they say about China. Particularly in this very fraught atmosphere in which we find ourselves. And we should understand how all the nerves are on both sides, I acknowledge. We just need to be disciplined about what we say.

Geoff Raby: Thirdly, I think there's a role for the Prime Minister and the Foreign Minister in separate public comments, to indicate our wish to find a circuit breaker. And to put a floor under the downward spiralling relationship. And look for example, you sign the RCEP, the regional corporation economic partnership agreement. Which includes China, doesn't include India, Japan is in there. And I think that was a missed opportunity. Our Trade Minister, who made the statement, or Prime Minister could have actually focused a bit of attention on the positive aspects of having China in RCEP. And how we would look to work closely with China to build and strengthen regional cooperation. None of these things are caving in to China, but they are indicators to Beijing that we recognise that we do need to ship the relationship onto a much more constructed footing.

Ali Moore: At the same time though and I know it's a question you've been asked in other forums. But isn't it a little difficult to offer an olive branch with a metaphorical gun to your head? Which is essentially what Australia has at the moment with this constant picking off of exports.

Geoff Raby: Or as Kishore Mahbubani said at his cover note on my book, endorsing my book. When you're in a hole, stop digging. That's the first thing you've got to do. And I think China did make a couple of gestures. And I fear that we didn't even notice the gestures. I think this goes back to a bigger problem we have on the Australian side of managing this complex and difficult relationship. And that is that the diplomats and diplomacy has been largely sidelined by the strategic intelligence and defence communities. And I think that's where we get these sorts of policies weaponized. Rather than trying to find diplomatic outcomes.

Ali Moore: We began this conversation by talking about how Australia treats China like a strategic competitor. Hand in glove with the US. How much difference do you think a Biden administration is going to make to the US-China relationship. And therefore the China-Australia relationship?

Geoff Raby: What would be agreed, I think, amongst everybody is that there'll be a difference in tone and rhetoric brought to the relationship. And people forget that diplomacy is all about words. And the old cliché words are bullets. And I think changing the language around our relationship is very important. And I note that Penny Wong, the opposition spokesperson on foreign affairs keeps saying this all the time. That it's all just a problem of the Australian government's language. And with that to change, everything will be fine. Well, I don't agree with that actually. Because I think

this is more fundamental and substantial problem of the shift than the world order. And how we position ourselves. But language does go a long way and helps, and I think that will be different.

Geoff Raby: Secondly, the Biden administration I think will be very keen to make progress on some of the big issues in the global commons. Climate change is clear. They've said that over and over again. Pandemics obvious one. I could either well extend to immigration, people smuggling. Those sorts of issues. Any of the global issues that are big challenges for the United States and the rest of the world will require US, China cooperation. And you can't cooperate on the global commons unless your bilateral relationship is in pretty good shape. And I think a better shape than it is now. So it can't be predicated on antagonism. I think there is scope for something of an off-ramp for Australia and Biden administration. The way it deals with China of course. The US still will and there is I think a high degree of bipartisanship in this.

Geoff Raby: That there'll be areas of strategic competition between the US and China. That's for sure and that will continue. It will be trade. Although the Biden administration may try and direct some of the trade differences back towards the WTO. And may be constructive whereas the Trump administration was actually destructive of the WTO. And I think that's very much in Australia's interests and advantage. So there will be I think opportunities, but of course there will still be a lot of US competition with China.

Ali Moore: You touch on the potential for the US to recalibrate with China. In a conversation in which we are not involved. How likely do you think it is that Australia will be forced to find its own path?

Geoff Raby: I think there is a possibility. And I wouldn't rate the probability very high at this stage. But I do think it's something Australian policymakers need to think about and have an eye on. When the US has recalibrated its relationship with other great powers overnight turned on six pence. And never consults and brings along its allies. And nor should it. I mean that's the behaviour of great powers. Great powers behave like that. And I say these things not criticising them. I'm just saying that's a fact of life and we're not a great power. And we need to be very careful that there isn't some more fundamental recalibration of US-China relations. Not now but maybe in a couple of years midterm. And if it happens, I'm sure we will not be consulted. We'll be part of that recalibration.

Geoff Raby: What would bring it about it would simply be a judgement in Washington and or Beijing. Or collectively that the strategic competition carries more costs than benefits. And I think from a US point of view, a realisation that its efforts to push back on China have not worked, and may have been counter productive. And to that end, if I can move on to another thought connected with all of this, the idea of decoupling so really derives from the US. We've signed up to it of course. But the reality is that China I think has looked at this issue. And started to form a view that maybe decoupling is not such a bad thing. And maybe China can go at it alone, even



in some advanced areas of technology where China had until recently thought that it was quite dependent on the US.

Geoff Raby: And I think that derives partly from the fact that China is the dominant power in Eurasia. It's got a big part of the world that is part of its order, its global order. And maybe just the cost of engaging with the West are too high. In terms of political pressure, risks to the communist party, even territorial integrity. So why don't we turn our back on the West a bit more? And if you look at Xi Jinping's new policy of dual circulation. Which seems to be another one of these gobbledygook ways of saying something that is a much older concept. That we all understand. And that is import substitution. Xi's new policy of dual circulation is very much about we don't really need the rest of the world. Or at least the rest of the world that doesn't like us.

Ali Moore: But how does that sit with where we started this conversation? Which was China as a constrained power. And constrained in part because of its enormous reliance from resources on the rest of the world.

Geoff Raby: China's dependence on resources will continue, but its economy over time will, of course, become less resource and energy intensive. As it continues to move up the value added chain.

Ali Moore: Geoff, what about your own personal interests and how they affect how you see China? You sit on the board of an Australian subsidiary of a state owned enterprise. Your advisory businesses is based in Beijing. Does that amount to a conflict? Do you think when you talk about China, you do have real skin in the game?

Geoff Raby: I'm glad you're bringing it up Ali. It's very important to have transparency around these things. The company Yancoal by the way is an Australian entity. It's listed on the Australian stock exchange. It's an Australian person as it were. It has a big part of its share registry held by Chinese SOEs. But there are many other companies in Australia where the share registry is held predominantly outside of Australia. Not inside Australia. But I mean to your core point, is there any conflict of interest? I'll leave that for others to judge. But if anyone has been a follower of my writings, I think you'll find that very few people say sharp and critical things of the Chinese system as I say.

Ali Moore: So just a final question and a very general question. But are you an optimist or a pessimist about Australia's relationship with China into the future? Do you think that we will find a path between upholding our values, but keeping our trade relationship? Do you think we will be able to get it right?

Geoff Raby: I'm very much an optimist. I really am. And that's partly because I've been on this Australia-China journey now for the best part of 35 years. And I've seen it through various ups and downs. I was in the streets of Beijing during Tiananmen Square. I wrote the cabinet submission on future relations with China post Tiananmen Square. Which included the sanctions regime. We joined together with the Americans to



impose. And I've seen the highs of it. And I'm currently witnessing the lows. But what gives me real strength in my conviction, which is an optimistic one. That we'll sort this out and get through this period. Is the massive common interests that we share. And it's not just a transactional relationship.

Geoff Raby: I'm always sorry that these conversations end up in a transactional discussion. But our interests in China go way beyond the trade interests. And the fact that we have one and half million, or thereabouts citizens of Australia who are of Chinese ethnicity. Means we will have to and we'll always have a proper and constructive, engaged relationship with China. And China is very much part of Australia. And so I've got all sorts of reasons to be optimistic about the management of the relationship. This is I think a very difficult adjustment we have to make. But I'm sure we'll get there. And I hope my book has some sort of contribution to that.

Ali Moore: Well, Geoff Raby, thank you so much for talking to Ear to Asia. We always like to finish this podcast on an optimistic note. So thank you for obliging and thank you so much for your time.

Geoff Raby: Thank you so much for having me Ali. I've enjoyed it.

Ali Moore: Our guest has been former Australian Ambassador to China and long time China observer, Dr. Geoff Raby. His book, *China's Grand Strategy and Australia's Future in the New Global Order*. It's published by Melbourne University Publishing. Ear to Asia is brought to you by Asia Institute of the University of Melbourne, Australia. You can find more information about this and all our other episodes at the Asia Institute website. Be sure to keep up with every episode of Ear to Asia, by following us on the Apple Podcast app, Stitcher, Spotify, or SoundCloud. If you like the show, please rate and review it on Apple Podcasts. Every positive review helps new listeners find the show. And of course, let your friends know about us on social media. This episode was recorded on the 17th of November, 2020. Producers were Kelvin Param and Eric van Bemmelen of profactual.com. Ear to Asia is licenced under creative commons, copyright 2020, the University of Melbourne. I'm Ali Moore. Thanks for your company.