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Deepening Ties Between China and Australia

As trade around the world becomes rigorous and hard to keep up with, China has found that its cheap labor force has kept it at the forefront. This has made China a big-league player in the Asian markets, and in the markets in the Pacific Ocean islands. In particular, Australia relies on China’s large population for an export haven. As international relationships sour for Australia, China’s willingness to be an ally to Australia affects Australian trade, relationships, and policies by offering economic growth when it would otherwise be lacking.

It should come as no surprise that Australia and the United States are allies. This alliance is a fragile one as Donald Trump has pulled the United States out of the Trans-Pacific Partnership, which will be explained in detail later (“Turnbull”). On the other hand, Australia has close ties to China as well. Tariffs on products going into China from Australia have just taken a nose dive; as an example, military weapons will be taxed at 5.2 percent instead of at 7.8 percent (Patel).

China is an intriguing choice as a trade partner. When the economy in China over the last few decades is studied, however, the intrigue gives way to solid reasons. One reasons trading in China has become a trade partner for many in that part of the world – and worldwide – is because of the way “flexibility has been demonstrated in the ability to set up pilot projects in special economic zones” (Johnson). These special zones open up China, and that goes with the second reason China is a trade partner. Ian Johnson, a writer for the *New York Times*, continues that the Communist Party “successfully sets long-term political goals, such as the modernization of industry or technology”.

Returning to the Trans-Pacific Partnership (or the TPP), China is not one of the original signatories of the deal. According to the BBC, the original countries participating in the TPP were Japan, Malaysia, Vietnam, Singapore, Brunei, Australia, New Zealand, Canada, Mexico, Chile, Peru, and the United States. This would have been a rather large trade deal. The countries participating would have been responsible for 40% of the world’s trade. Tariffs across the board would have gone down. While it’s possible that something like the springboard agreement – the P4 trade agreement between Brunei, Chile, New Zealand, and Singapore – could come into being without the United States, the TPP is most likely not going to be ratified (“TPP: What”).

China’s an interesting player when it comes to what kind of trade it does. Hua Chunying, the spokeswoman for the Chinese foreign ministry, noted that “China supports open, transparent, and win-win trade pacts” (qtd. in “Turnbull”). This would explain the apparent zeal that China has attempted to fill the gap in the TPP with. Malcolm Turnbull – the prime minister of Australia – noted that there is potential for China to fill the gap and join the TPP in place of the United States (qtd. in “Turnbull”). Whether or not that will actually happen remains a mystery.

The fact that there is this opportunity harps on a delicate balance of trade, power, and alliance. China’s economic model has been described as “an example of how an authoritarian government can deal with things differently” (Johnson). Australia’s economy, on the other hand, has been growing steadily and is expected to continue growing (The Commonwealth of Australia pg. 1-1). In the established budget for Australia’s 2016 to 2017 fiscal year, the Commonwealth noted that the global economy “remains uncertain, providing risks to the forecasts of Australia’s economic growth” (1-1).

The TPP would’ve helped Australia’s economy rough the seas. In fact, some of the countries anticipating it saw it as a direct counter to China’s growing influence in the area (“Turnbull”). This has backfired on them, big time. However, to China, it is good news. Much of the world could probably do with a reminder that under China’s current leaders, their government is “built for expansion, especially economic expansion” (Johnson). This gentle reminder is even more necessary when one thinks of why China wants to step into the TPP.

Between China and Australia, no matter what happens to the TPP, there’s no question of strengthening their trade ties. This will happen, and the two countries have pretty much solidified that. In February 2017, the countries publicly announced that they will be taking their trade to another level (Gelineau). In her article, Kristen Gelineau – a writer for *The Seattle Times* – noted that this came at a time when the relationship between Australia and the United States is hitting an all-time low.

Wang Yi, a Chinese foreign minister, also noted that the most important thing China could do at the moment was to “steer economic globalization towards greater inclusiveness” (qtd. in Gelineau). This is in line with what Bill English – the prime minister of New Zealand – noted, saying that China hadn’t “been slow to spot the opportunity” when it came its way (qtd. in “Turnbull”).

In this way, China has been flexing its economic prowess in Asia. The TPP – the topic of most debate around the world concerning economic growth – could go ahead if the other eleven countries want to, but it would have to be a smaller pact (“TPP: What”). Here is where China comes in. In relation to Australia, this possibility could be a game-changer. Steven Ciobo – the Australian trade minister – noticed this when he noted that China could have a place, as could countries like Indonesia, if the TPP went ahead without the United States (qtd. in “Turnbull”). There are other ways that it can be a game changer for Australia as well, in addition to other things that have created a Pro-China view in Australia.

According to Uma Patel, a writer for *ABC News*, tariffs on Australian exports going to China are going down – the example of military weapons has already been mentioned. Other examples include plastic and silk flowers having lower tariffs, as well as a decrease of about three percent on cotton Arabian robes. Other items in this tariff decrease include human hair, animal hair bedding, and wine (Patel).

This has made a favorable change in Australia’s economy. The Commonwealth of Australia, or the Australian government, has noted that “China is expected to support near-term growth” but also notes that the country “has a major rebalancing task ahead” (2-3). The rocky future the Commonwealth foresees is also foreseen by others inside the government. Julie Bishop – the Australian foreign minister – noted that the Australian government is reassuring China that trade and economic relationships will stay strong and a high priority for Australia (qtd. in Gelineau).

Other ways China’s involvement in Australia’s economy has boosted their economy vary widely. The Commonwealth of Australia also noted in their budget review that the iron trade is “driven in part by expectations of ongoing stimulus to meet China’s GDP growth targets”, as are other exports of Australian businesses (2-4). Most of China’s part in the Australian economy comes from those very exports that the Commonwealth noted they were expecting growth in.

With a booming economy in both China and Australia, their intertwined economies will play an important role in determining how the economies do in the future. As long as China continues to demand imports from Australia, the Australian economy will continue to boom. The same can be said of China’s internal economy if they continue to demand these imports from Australia. Either way, Australian policies, trades, and relationships will be crafted with care going forward.

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