

Australian firms in China urge relations reset

Trade

Michael Smith

Shanghai | Australian businesses in China, alarmed at rising hostilities between Beijing and Canberra, have urged the Morrison government not to abandon plans for a \$44 million foundation to foster bilateral relations and asked both countries to find common ground.

With exporters of vitamins, dairy, wine and beef products jittery about a potential backlash from Beijing, business groups said it was crucial the importance of the trading relationship was not lost in the political noise.

While openly confident about record trade between the two countries, executives on the ground in China privately fear punitive tariffs slapped on Australian barley and technical bans on some beef shipments in the past fortnight could be just the beginning.

The Australian Chamber of Commerce Shanghai said yesterday that a strong trading relationship with China was in Australia's national interest.

"The strength of our economy is going to be intertwined with China and we can't forget strong business ties are in the national interest," Jack Brady, the chamber's chief executive, told *The Australian Financial Review*.

He said thousands of livelihoods and jobs relied on good trading conditions with China, noting that small businesses as well as large corporations depended on them.

More than half the 100 companies surveyed by the chamber in February expected a sharp drop in first-quarter revenues from the fallout of COVID-19. Its largest members include BHP, Rio Tinto, BlueScope Steel, Treasury Wine



Crippling tariffs on Australian barley amid deteriorating relations have spooked other sectors that rely on trade with China.

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Estates and the major banks. But it also includes a large number of small and medium-sized enterprises.

Mr Brady said the federal government should move ahead with plans to form the National Foundation for Australia-China Relations. The future of the body, which was announced with much fanfare in May last year, has been under a cloud.

The body's chairman, former Howard government minister Warwick Smith, has resigned.

The Australia-China Council was rebranded and was supposed to have

its funding increased from \$900,000 annually to \$44 million over five years. "This would be a good start. Surely there has never been a better time to fire up a body with the express intention of deepening co-operation with China," Mr Brady said.

"We know that the relationship goes through challenges from time to time, but the expectation from Australian business in China is that our diplomats will do what they always do and work to find common ground."

Big business, however, stopped short of calling for Scott Morrison to back down on his push for an international probe into the origins and spread of the coronavirus.

Rising anti-China rhetoric over the origins of the pandemic and calls for an economic decoupling have alarmed Australians doing business with the trading giant. But there is also an acknowledgment that the political risk of dealing with China has increased

dramatically, even though it remains a promising export market.

China's actions against beef and barley imports from Australia have come since the international inquiry call, and amid indirect threats from Beijing that the move could hurt exports.

It is feared China will use onerous customs and inspections procedures to slow or ban other Australian products.

Nick Coyle, chief executive of the Australian Chamber of Commerce in Beijing, said Australian companies nonetheless remained optimistic.

"Bilateral relations can ebb and flow, and we urge both governments to focus on the areas of strong collaboration and areas of common interest," he said in an interview with China's *Global Times* newspaper.

"Where there are differences – and in any meaningful bilateral relationship there are always some differences of perspective – these should be addressed in a constructive way."