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**SINO-AUSTRALIAN RELATIONS, 2006 TO 2008:**

**A CASE STUDY OF DIVERSITY IN HARMONY**

by

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Abstract

*The paper will analyse Sino-Australian relations over the period 2006 in 2008 in terms of economics, strategy and culture. It concludes that harmonious bilateral relations are quite compatible with the diverse nature of the two countries, but that Australian government cultural enthusiasm for China helps rather than hinders.*

*Since the 10<sup>th</sup> Australian Studies Conference in China in July 2006, Australia has experienced a change of government from the John Howard-led Coalition to the Kevin Rudd-led Australian Labor Party. Under Howard Australia enjoyed very good relations with China, mainly based on economics. Unlike Howard, Rudd is genuinely interested in and likes China, even to the extent of learning Chinese and gaining some expertise about the country.*

*In many ways relations are unaffected by the change of government. Trade continues as before, cementing relations. There are, however, several respects impacting on relations. For instance, Chinese investment in Australia has gathered momentum arousing concern among some Australian economic nationalists. Although the American alliance will be just as important for Rudd as for Howard, his attitude on some major issues like Iraq and climate change is closer to Chinese policy and more distant from American, than Howard's. In cultural terms, Rudd has always been much more enthusiastic for Australians to know and understand Chinese culture than Howard. He was in the forefront of pushing for Chinese (and other Asian) language study in the 1990s and his policy speech just before the 24 November general election*

*that brought him to office specifically promised more Asian-language study in the schools. On the other hand, Howard's government allowed an Asian languages and studies strategy in place before 1996 to disintegrate and formally discontinued funding to it in 2002.*

*There are quite a few diversities between Australia and China under both governments, such as differences in population and culture, and these did not prevent harmonious relations under Howard. On the other hand, Rudd's greater enthusiasm for Chinese culture is more likely to help the bilateral relationship than hinder it.*

## Introduction

This paper aims to survey relations between Australia and China since the 10<sup>th</sup> Australian Studies Conference in China, held in Hohhot in July 2006. It attempts to take up some new factors, especially those relating to the change of Federal Government in Australia and the accession of Chinese-speaking Kevin Rudd as prime minister. Although the relationship involves two sides, this particular perspective will be more Australian than Chinese. This in no way implies that the initiatives were Australian during that time.

## Background

The period since 2006 has not particularly stable globally. The world economy has suffered by the rise of oil prices in many countries, including those of the West. The U.S. has continued to experience problems related to the continuing occupation of Iraq and George W. Bush's 'war on terror', the radical Islamist Taliban experiencing a resurgence in influence in Afghanistan and the border areas with Pakistan, where a highly volatile situation that included the assassination of centre-left leader Benazir Bhutto in December 2007 brought about the resignation of President Pervez Musharraf in August 2008, leading on to the election of Bhutto's widower as president. The United States showed dangerous signs that influential people in the Administration could back increase in attempts to undermine the government of Iran, the main link in George W. Bush's 'axis of evil', even if this meant military attack. The Western powers and NATO continued to press their influence eastwards, with twelve countries joining NATO since 1999, including Albania and Croatia in 2008, and attempts to increase NATO size and impact still further. Almost all the new NATO members once belonged to the Soviet Union or to the Russian sphere of influence. The East Asian region was mostly stable, but major protests against the government erupted in Myanmar in 2007 and in Mongolia and Thailand in 2008, all three movements being unsuccessful.

China itself continued the dramatic rise that has come to constitute one of the main features of our times. The economy continued to expand rapidly. The main change the 17<sup>th</sup> Congress of the Chinese Communist Party in 2007 brought about to the leadership was the rise of Xi Jinping to membership of the Central Committee's Politburo Standing Committee, Xi being elected PRC Vice President the following March. So far 2008 has seen several major difficulties, most importantly the March 14 riots in Lhasa and other disturbances in the Tibetan areas in the following weeks and the major May 12 earthquake with epicentre in Wenchuan, Sichuan. On the other hand, the same year witnessed the triumphant Beijing Olympic Games of August.

In Australia, the Australian Labor Party (ALP) led by Kevin Rudd won the November 2007 federal election, resulting in Labor governments at the national level

and in all states and territories. The new government proved very conservative in economic terms and its foreign policy was similar to that of its predecessor. On the other hand, Rudd brought about several major social changes, one of the most important being an apology to the Aboriginal peoples for the “stolen generations” in February 2008. In the important area of the environment, the Rudd government signed the Kyoto Protocol on climate change, which the Howard government had refused to do. It also appointed Australia’s first Minister for Climate Change, Penny Wong, who also happened to be the first ethnic Chinese member of the Australian cabinet.

### Notes on General Relations between Australia and China

#### *Australia’s foreign policy*

The new ALP government followed a foreign policy that was essentially the same as its predecessor. However, there were certainly some differences in emphases and a different atmosphere. According to Radio Australia journalist Karon Snowdon, Rudd ‘moved to put his own stamp on a revitalised foreign policy’ soon after taking office in November 2007 and wants Australia to assume its proper place as a ‘creative middle power.’<sup>1</sup> In a speech to the Brookings Institution in Washington on 31 March 2008, Rudd described Australia as ‘fully committed to global engagement’. He added that the three pillars of Australia foreign policy are: ‘our alliance with the United States; our membership of the United Nations; and comprehensive engagement with the countries of Asia and the Pacific’.<sup>2</sup>

John Howard’s government had a reputation for fawning on the United States. In particular, Australia under his leadership was inordinately quick to follow American troops into Iraq and continued to defend this intervention policy through thick and thin. Rudd maintained but changed the emphasis of the policy by withdrawing ground troops, but keeping air and naval elements and stepping up civilian aid.

However, Rudd and his foreign minister Stephen Smith maintained the very strong and close links with the United States that have characterized Australian foreign policy since World War II. In his Brookings Institution speech, he stated: ‘My view of the United States’ role in international affairs in the future is simple – I believe the United States is an overwhelming force for good in the world’.<sup>3</sup> These are very strong words that would have been received much more enthusiastically in Washington than in Beijing.

On the other two pillars, the United Nations and engagement with Asia, policy was again more a slight change in emphasis than a decisive break. Howard supported the United Nations and showed his global involvement through Sydney’s hosting of the APEC (Asia Pacific Economic Cooperation) Forum in September 2007. This was a major meeting that involved numerous major world leaders’ visiting Sydney, including George W. Bush, Hu Jintao and Vladimir Putin. However, the Howard government disagreed with several major UN policies, including the United Nations Declaration on the Rights of Indigenous Peoples adopted in September 2007 and was criticized by international bodies for its policies on Aborigines and the environment.

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<sup>1</sup> Karon Snowdon, ‘Australia’s China Policy under Kevin Rudd’, Radio Australia, 3 June 2008, <http://www.radioaustralia.net.au/news/features/s2263406.htm>, accessed 25 July 2008.

<sup>2</sup> Kevin Rudd, ‘Australia, the United States and the Asia Pacific Region’, The Brookings Institution, [http://www.brookings.edu/~media/Files/events/2008/0331\\_australia/20080331\\_australia.pdf](http://www.brookings.edu/~media/Files/events/2008/0331_australia/20080331_australia.pdf), p. 16, accessed 3 September 2008.

<sup>3</sup> Rudd, ‘Australia, the United States and the Asia Pacific Region’, pp. 11-12.

In the list of priorities of Australia's foreign affairs policy under Howard, the Asia-Pacific region stood at the top, followed by 'bilateral relationships with the US, Japan, Indonesia, China and other key partners'. Relations with the European Union and Korea are somewhat lower.<sup>4</sup> Yet the image persisted that Howard cared less about Asia than his predecessor. One scholarly account has it that, whereas 'Keating focussed on the centrality of Asia', Howard was more interested in the United States and 'personally coordinated the proposal for a free trade agreement' with that country,<sup>5</sup> an initiative that turned out successful with its adoption by the Australian parliament in August 2004.

### *The Rudd government's China policy*

The Rudd government's policy was decisively friendly to China from the start. His first overseas trip as prime minister in March and April 2008 took him to the US, Europe and China, but not Japan or Indonesia. He has certainly maintained the one-China policy and all signs are that he will continue to do so. For years the number of Chinese students doing degrees in Australia has been increasing. By July 2008, there were over 100,000 Chinese students studying in Australia, making China the largest single source country of overseas students.<sup>6</sup>

Two political issues are worth elaborating in the China-Australia relationship.

The first is how Australia's relations with Japan and other countries interrelate with those with China. In March 2005, at a time of popular anti-Japanese feeling in China, Howard had stated in a speech to the Lowy Institute that 'Australia has no better friend in Asia than Japan'.<sup>7</sup> On the other hand, the priorities of the Rudd government appeared very different. Not long after it won government, two events occurred that showed hostility towards Japan more or less unprecedented in Australia in recent times. One was that Foreign Minister Stephen Smith withdrew from a Japan-sponsored quadrilateral process that included the US, Japan, India and Australia, but not China. The four were specifically chosen as democratic countries, and not surprisingly China felt its exclusion from this group of four as insulting and potentially threatening. It appears to have been at China's behest that Australia announced its withdrawal. The other was what one scholar describes as 'an unusual political campaign to name and shame Tokyo'<sup>8</sup> due to a wish to force Japan to stop 'scientific whaling' in the South Pacific Ocean, the annual whale hunt being strongly opposed as cruel and unnecessary by Australian popular opinion.

In 2008, and especially when he did visit Japan for the first time as prime minister in June 2008, Rudd came under attack both in Japan itself and from some quarters in Australia. Veteran foreign relations but somewhat anti-China journalist Greg Sheridan, foreign editor of *The Australian*, commented that, though his government had made a good beginning in foreign policy, Rudd 'has a significant problem with his broader Asian constituency, in India, Japan and in Southeast Asia, to show them

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<sup>4</sup> See *The Complete Fact Finder on Australia & the World, 2005*, Hardie Grant Books, Prahran, Victoria, 2005, p. 125.

<sup>5</sup> Allan Gyngell and Michael Wesley, *Making Australian Foreign Policy, Second Edition*, Cambridge University Press, Melbourne, 2007, p. 88.

<sup>6</sup> See Glenda Korporaal, 'Nation Whose Time Has Come', *The Australian*, 5 July 2008, 'Inquirer', p. 27.

<sup>7</sup> 'Transcript of the Prime Minister the Hon John Howard MP, Address to the Lowy Institute for International Policy, "Australia in the World", Westin Hotel, Sydney', web version at <http://www.pm.gov.au/news/speeches/speech1290.html>, accessed 27 February 2006.

<sup>8</sup> Purnendra Jain, 'Sinophile Rudd Loses Asian Friends', *Asia Times Online*, 11 June 2008, <http://www.atimes.com/atimes/China/JF11Ad02.html>, accessed 14 June.

that he is not obsessed with China and lacking thereby a balanced view of Asia'.<sup>9</sup> Professor Purnendra Jain of the University of Adelaide criticized him for snubbing Japan through his obsession with China, for 'managing to annoy a trusted friend' and 'great partner of Australia' and even for spoiling Australia's 'budding relationship with India'.<sup>10</sup>

The second issue to discuss is human rights, and specifically Tibet.

Several visits by the Dalai Lama to Australia had succeeded in greatly irritating China, in particular when he met with government leaders. Neither Howard nor Foreign Minister Alexander Downer met with the Dalai Lama during his visit to Australia in July 2002, and the government prevented him making a speech to the parliament. However, both Prime Minister Howard and Opposition Leader Rudd met the Dalai Lama during his mid-2007 visit despite China's anger, both believing they would win electoral capital from the meeting.

The issue of human rights in Tibet was the main negative factor during Rudd's April visit to China. Towards the end of a speech he made in Chinese to the students of Peking University on 9 April 2008, he mentioned Tibet. While affirming Australia's recognition of Chinese sovereignty over Tibet, he added that he believed it necessary to recognise that there are significant human rights problems in Tibet. 'The current situation in Tibet is of concern to Australians', he said, adding that he would talk to Chinese leaders about it.<sup>11</sup> Although the Chinese press did report favourably on the speech, it omitted any reference to this section. This was at a time when the March 14, 2008 riots had recently taken place in Lhasa and there were still disturbances in the Tibetan areas of China. Supporters of 'free Tibet' were trying to disrupt the Olympic Torch relay, and Tibet was an extremely sensitive issue, especially in China. It is not surprising that Rudd's appeal got nowhere in China but attracted quite a bit of favourable comment in Australia itself.

### Economic Relations

China is now by far the dominant partner in the China-Australia economic partnership. Although this is not new to the period under discussion in this paper, it is certainly a major turnaround from the situation that prevailed in the early days of bilateral diplomatic relations. The Australian economy has for some years been dependent on China's prosperity and economic growth. This is because China buys so much of the kind of commodity that helps fuel its rapid economic growth, especially in the fields of minerals and energy, such as iron ore, aluminium, liquefied natural gas and coal. To an unprecedented extent, commodities available in Australia come from China, because manufacturing is much less expensive there due to such factors as lower salaries. Moreover, government revenue from tariffs on trade with China is a major reason why the Australian budget is in significant surplus. According to one account, 'China's rapid industrial growth has already been credited with shielding Australia from much of the financial gloom enveloping the United States and

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<sup>9</sup> Greg Sheridan, 'Region Notices Bias for Beijing', *The Weekend Australian*, 3-4 May 2008, 'Inquirer', p. 20.

<sup>10</sup> Jain, 'Sinophile Rudd Loses Asian Friends'.

<sup>11</sup> Kevin Rudd, 'A Conversation with China's Youth on the Future, Peking University', 9 April 2008, English transcript online, among other places in *The Australian*, <http://www.theaustralian.news.com.au/story/0,25197,23511584-5013947,00.html>.

Europe'.<sup>12</sup> If China's economic growth were to slow seriously, the effect on Australia's economy would be disastrous.

Although negotiations over the Free-Trade Agreement between Australia and China have proved slow and difficult,<sup>13</sup> the governments of the two countries still appear to wish to pursue it. China is now Australia's biggest trading market, total two-way trade in 2007 being worth more than A\$40 billion, a rise of more than \$10 billion over the preceding year.<sup>14</sup> There are unprecedented numbers of Chinese tourists in Australia. According to Australian Minister for Tourism Martin Ferguson, 'China is already Australia's fifth largest market in terms of visitor arrivals and fourth in terms of economic value', contributing A\$2 billion to the Australian economy in 2007, from 350,000 Chinese tourists. He predicted a very bright future for Chinese tourism to Australia.<sup>15</sup>

The fact that China's growing industry can put Australia's raw energy and mineral materials to such good use, with Australia so willing to supply them, makes Australia's industrialists enthusiastic about the China connection. As one journalist put it:

There's strong support from Australian business for engagement with China. Australian exporters have a favourable impression of China's potential and this may reflect their positive take on a potential trade pact. According to the DHL Export Barometer, in terms of the 12-month outlook, most exporters believe that China will be their No. 1 market for growth.<sup>16</sup>

There is actually nothing new about Australian business enthusiasm for China. Nor is investment new. As early as 1987, a joint venture between Rio Tinto's Channar iron ore and what is now the Chinese company Sinosteel signalled that Chinese investment in Australia was significant. China has become among the biggest investors in Australia. Moreover, the formal establishment of the China Investment Corporation in September 2007, together with other factors such as changes in the rules governing investments by the China Development Bank and other Chinese banks, has opened the way for a much more outward-looking Chinese development strategy. These changes include allowing banks to finance projects outside China.

Meanwhile, Chinese industrialists have long believed the price of iron ore and coal is too high, and Australian suppliers BHP-Billiton and Rio Tinto are pushing for substantial price rises for their products. The logical conclusion from this and the more outward-looking investment and development strategy is that China is 'seeking direct shareholdings in Australian (and other) resource sectors'.<sup>17</sup>

In February 2008, the enormous Chinese aluminium company Aluminum Corporation of China (Chinalco), headed by Xiao Yaqing, bought 12 per cent of shares of Rio Tinto's London-based stocks, valued at US\$14 billion, the largest single foreign investment by a Chinese company to that time. Their motivation was to

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<sup>12</sup> Elizabeth Sexton, 'Enter the Hungry Dragon', *Sydney Morning Herald*, 8 February 2008.

<sup>13</sup> See the detailed discussion by Yang Jiang in 'Australia-China FTA: China's Domestic Politics and the Roots of Different National Approaches to FTA', *Australian Journal of International Affairs*, vol. 62, no. 2, June 2008, pp. 179-95.

<sup>14</sup> Korporaal, 'Nation Whose Time Has Come', p. 27.

<sup>15</sup> Tourism Australia, 'Chinese Aussie Specialists Ahoy!', 24 August 2008, [http://www.4hoteliars.com/4hots\\_nshw.php?mwi=4891](http://www.4hoteliars.com/4hots_nshw.php?mwi=4891), accessed 6 September 2008. The figure of 350,000 comes from Korporaal, 'Nation Whose Time Has Come', p. 27. She adds that the Chinese tourists helped 'to offset the fall in Japanese tourism'.

<sup>16</sup> Tim Harcourt, 'Jumping on China's New Power', *Sydney Morning Herald*, 13 June 2008.

<sup>17</sup> Snowdon, 'Australia's China Policy under Kevin Rudd'.

prevent the hostile takeover bid from BHP, which Chinese companies rightly feared would create a near monopoly in iron ore, a development that would allow overseas control of prices in a way that would be flatly against their interests. What the move showed, according to one journalist was 'that the Chinese have the funds and the guts to be big players in the stockmarket'.<sup>18</sup> Alan Carpenter, the premier of Western Australia, the state with most to gain from Chinalco investment, spoke in glowing terms about the development, saying that 'much of the economic vitality and strength we are enjoying here is due to our relationship with China'.<sup>19</sup>

However, the federal government, and especially the Treasurer Wayne Swan, was nervous that the investment would turn into control. This is especially the case since in Australia foreign investment requires approval by the Foreign Investment Review Board, which regards Chinese companies as government enterprises. The implication for Swan is that investment could become a means of Chinese government control over the Australian economy. Although the Board did approve the Chinalco initiative, Swan placed unwelcome conditions and made it clear that he would regard future investments from a nation interest point of view, rather than a commercial one.

But what is national interest in a context where Australia sells so much of its minerals to China and where its economy is so dependent on China? And China also has a national interest concern. According to one writer, 'For the Chinese government, which is struggling to curb inflation and social unrest, the continuing price increases in imported raw materials will further compound the crisis.'<sup>20</sup> In other words, it simply cannot afford to let a monopoly put prices up without restraint.

In June 2008, the Chinalco subsidiary Chalco proposed a A\$3 billion bauxite mine and alumina refinery in Aurukun, western Cape York, northern Queensland. This is an Aboriginal area, belonging to the Wik and Wikwaya people of Aurukun, the former famous for their involvement in the famous High Court decision of December 1996. Xiao Yaqing consulted both with the Queensland government and the Aurukun Aboriginal community and even invited a delegation of Aborigines to China for a visit, including calling on the Chalco management. They included Gina Castelain, who is studying for a Masters Degree from Monash University. Pointing out that neither Rio Tinto nor BHP Billiton had invited representatives of Aurukun to inspect their head offices, let alone their global operations, she declared it a real honour for the delegation to meet Chalco management.

It is a very different way of doing business. It's a massive learning curve for them and for us. ... They are very respectful. They have been friendly and warm. I think some of the key things have been studying Chalco's operations on the ground, understanding Chalco's plans for sustainable development and how it manages the environmental impact. The other thing that was important was how Chalco operations interact with the local community. I thought that interaction was good.<sup>21</sup>

The point that emerges is that Xiao Yaqing is making sure that Chalco treats the local people properly and with respect, in particular ensuring that the Aboriginal people are consulted as well as government.

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<sup>18</sup> Sexton, 'Enter the Hungry Dragon'.

<sup>19</sup> Sexton, 'Enter the Hungry Dragon'.

<sup>20</sup> John Chan, 'Sino-Australian Relations Complicated by BHP's Attempted Merger with Rio Tinto'; World Socialist Web Site, published by the International Committee of the Fourth International (ICFI), at <http://www.wsws.org/articles/2008/feb2008/bhp-f20.shtml>, 20 February 2008, accessed 6 September 2008.

<sup>21</sup> Quoted in Jennifer Hewett, 'Mutual Learning Curve', *The Australian*, 21 June 2008.

Despite Xiao Yaqing's care in the way he has pushed his company's and China's interests, he has made it clear that he wishes to increase investment significantly. Early in July, the Rudd government revealed its intention to impose limits on takeovers of Australian resource companies. Although Treasurer Wayne Swan specified that he did not intend any discrimination against any country's investments, he was already confronting the need to make decisions about A\$30 billion of Chinese foreign investment proposals. 'Our predisposition is to move carefully consider proposals by consumers to control existing producing firms', he is reported as saying.<sup>22</sup> **Check the quotation**

This view has gained much support from Australian nationalists who have long resisted foreign takeovers, and could be even less amenable to the new source than they were to old ones like the United States and Japan. On the other hand, Swan's line has come under strong criticism from influential and knowledgeable quarters, including Professor Peter Drysdale, an economist with specialisation in Japan and other Asian countries. One journalist reports him as opposing the kind of economic nationalism that appears to characterize Wayne Swan's decision:

The current ambiguities are damaging to Australia's economic and long-term political-strategy interests ... Anxiety over the growth of foreign investment by China is as unfounded as it was, in earlier times, over the growth in foreign investment by Japan that accompanied the emergence of Japan as Australia's major economic partner and a major supplier of capital to world markets.<sup>23</sup>

In a seminar he and another scholar had given just before, Drysdale had proposed two concrete measures for consultation between the Australian and Chinese governments: (1) 'reassertion of the market framework within which all foreign investment proposals are examined in Australia'; and consultation between Australian and Chinese authorities 'that would serve to facilitate scrutiny of competition, corporate governance, and financial transparency issues'.<sup>24</sup>

Drysdale is surely right to warn against excessive economic nationalism, and the measures proposed should go some way towards softening the problem. I believe the issue of different national interests, or at least different views of national interest, is the most potentially divisive issue in China-Australia relations under the Rudd government. It needs to be handled on both sides with great sensitivity and care.

### Understanding China's Language and Culture

One recent development of considerable importance has been the growth of Confucius Institutes throughout Australia. These aim to spread the teaching of Chinese language and culture funded, in part, by the Chinese government. The first of

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<sup>22</sup> 'Swan Plans Limits to Takeovers by Chinese', *The Weekend Australian*, 5-6 July 2008, p. 1.

<sup>23</sup> Quoted by Michael Stutchbury, in 'Swan's Line in the Sand Risks Turning Chinese Investors Away', *The Australian*, 5 September 2008.

<sup>24</sup> Seminar by Professors Peter Drysdale and Christopher Findlay, given at the Australian National University, Canberra. See website, posted on 4 September 2008 at Peter Drysdale and Christopher Findlay, 'Chinese Investment in Australian Resources', [http://203.208.33.101/search?q=cache:I63-sbXJkfMJ: eastasiaforum.org/2008/09/04/chinese-investment-in-australian-resources/+http://eastasiaforum.org/2008/09/04/chinese-investment-in-australian-resources/&hl=zh-CN&ct=clnk&cd=1&gl=cn&st\\_usg=ALhdy2\\_XQLIV419Tlr2yMcRIpjNOq77qmg http://eastasiaforum.org/2008/09/04/chinese-investment-in-australian-resources/](http://203.208.33.101/search?q=cache:I63-sbXJkfMJ: eastasiaforum.org/2008/09/04/chinese-investment-in-australian-resources/+http://eastasiaforum.org/2008/09/04/chinese-investment-in-australian-resources/&hl=zh-CN&ct=clnk&cd=1&gl=cn&st_usg=ALhdy2_XQLIV419Tlr2yMcRIpjNOq77qmg http://eastasiaforum.org/2008/09/04/chinese-investment-in-australian-resources/), accessed 6 September 2008.

the Confucius Institutes in Australia opened in May 2005 at the University of Western Australia. However, since that time they have been founded, or are actively planned, in universities in all Australia's states. They are very significant in being part of a network of such bodies the Chinese government has undertaken to establish throughout the world. They show the emergence of active Chinese attempts to promote the learning and understanding of Chinese language and culture overseas.

On Australia's side we might note Prime Minister Kevin Rudd's significance as the first Western government leader with knowledge of Chinese. Some details of his interest in China are worth noting. He studied Chinese classical and modern language, history and culture at the Australian National University from 1976 to 1979, even doing an honours thesis about the dissident Wei Jingsheng in contemporary China at the very time the period of reform was beginning. He made a favourable impression on his teachers, and his Chinese was good enough for him to play the part of an evil landlord in a play at university and to use Chinese sources for his honours thesis.<sup>25</sup>

Rudd joined the Department of Foreign Affairs in 1981 and in 1984 undertook eight months' further intensive Chinese-language training. He went to China later the same year and rose very quickly in the Embassy there before leaving at the end of 1986. Colleagues and journalists commented on his expert knowledge of China. Linda Jaivin, a journalist at the time and herself knowledgeable about China, described Rudd as 'one of the best-informed diplomats in Beijing'.<sup>26</sup>

Rudd became head of the Premier's Department under the ALP government of Wayne Goss, Premier of Queensland from 1989 to 1996. One of his many activities in that role was to promote the study of Asia and Asian studies in Australia. As head of a senior committee, he drafted the National Asian Languages and Studies in Australian Schools (NALSAS) Strategy, setting up a taskforce to implement it. Chinese was only one of the four priority languages the Taskforce was to promote in Australian schools, the others being Japanese, Indonesian and Korean. However, it was Rudd's knowledge of China and Chinese that made him so passionate that Australia's future lay not with Europe but with Asia. Although Prime Minister Paul Keating's emphasis was not as China-focussed as Rudd's, it was at this time that he was leading a major push to redirect Australia's foreign relations thinking even more firmly towards Asia than had been the case earlier.

Under Rudd's leadership, the governments of Australia were persuaded to invest considerable sums of money in promoting Asia literacy in Australia, defined in terms of Australia's 'level of awareness' of the 'people, culture, language, and history' of Asian countries.<sup>27</sup> The Strategy was implemented in 1994, with 2006 being the ultimate targeted date, in other words this was a twelve-year plan. The NALSAS Taskforce tried to implement very ambitious targets on such matters as the proportions of primary and secondary students who should be studying the four priority languages by particular dates, specifically that all students up to grade 10 should be studying a language other than English by 2006, including 60 per cent studying an Asian language. Unfortunately, however, the targets were not met. The Keating government was defeated in 1996, and although the Howard government's

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<sup>25</sup> Nicholas Stuart, *Kevin Rudd, An Unauthorised Political Biography*, Scribe, Melbourne, 2007, pp. 49-63.

<sup>26</sup> Stuart, *Kevin Rudd*, p. 70.

<sup>27</sup> The definition is an Australian government one applying specifically to 'China literacy', but relevant also to the more general concept of 'Asia literacy'. See Foreign Affairs, Defence and Trade References Committee, *Opportunities and Challenges: Australia's Relationship with China*, Commonwealth of Australia, Canberra, November 2005, p. 273.

initial policy was to maintain the policy, in fact government enthusiasm for it declined greatly, and the Strategy withered. In 2002, the funding for it was withdrawn. This did not mean the Howard government did not favour Asia literacy in general and China literacy in particular. However, it certainly did mean less emphasis, and the reality was that the study of Asia experienced a decline.

In 2004, the Senate Foreign Affairs, Defence and Trade References Committee was asked to consider Australia-China relations. One of its recommendations was to urge 'the Australian government to place a high priority on encouraging China literacy in Australia', in part by 'working with the state and territory governments to reinvigorate the NALSAS'.<sup>28</sup> During the 2007 election campaign that brought the Rudd government to power, one of the promises of the ALP's election campaign was to promote Asian languages in schools. Up to now, Rudd has honoured this by accepting the need for Asian studies at a large-scale forum he held in April 2008 called the 2020 Forum. He also proposed to allocate A\$64 million to the project. However, the sums involved are much smaller than in the 1990s and there is still pressure from the Asian studies profession and community to take steps to improve the situation for the study of Asia and Asian languages.

My own summation of the situation is that China literacy in Australia is enormously more advanced now than it was when the NALSAS Strategy was initially adopted. However, it is not nearly as positive as it should or could be, and is nowhere near what Rudd intended when he had the NALSAS Strategy adopted in 1994. Considering the rise of China and its importance in Australia's foreign relations, I find the progress made in China literacy at all levels somewhat disappointing, but there could be grounds for optimism that it will revive and advance quickly in the coming years.

An interesting question is how important Rudd's China expertise and ability to speak Chinese matters in the overall China-Australia relationship. Apart from the above material, I'd just make two points. Firstly, during the APEC meeting of September 2007, Rudd made a welcome speech in Chinese to Chinese President Hu Jintao. This appears to have impressed the President and embarrassed and irritated Prime Minister Howard, to judge by the body language of both leaders as shown on Australian television. One journalist described Rudd's addressing Hu Jintao personally in his own language as 'stunning', and it continued not for a few lines, but for a few minutes.<sup>29</sup> Foreign Minister Alexander Downer belittled Rudd's Chinese, emphasising his own knowledge of French but without acknowledging how unprecedented ability to speak Chinese is among Western leaders.

Already with the Chinese name Lu Kewen, Rudd has given high priority to China. In particular, the speech he gave a speech in Chinese to students and others of Peking University in April 2008 covered a considerable amount of ground, including on China's history, China-Australia relations and the contemporary situation in China. Although he mentioned some highly sensitive topics, including human rights and Tibet, he got a generally favourable reaction from the Chinese students present. Rowan Callick reports that, when he began his speech, 'a gasp of awe ran through the audience, followed by warm applause'. Callick cites Peking University President Xu Zhihong as saying that Rudd's speech 'brings new thinking to BeiDa students'.<sup>30</sup>

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<sup>28</sup> Foreign Affairs, Defence and Trade References Committee, *Opportunities and Challenges*, p. 290.

<sup>29</sup> Doug Conway, 'Rudd Addresses Chinese President in Fluent Mandarin', Australian Associated Press, 6 September 2007.

<sup>30</sup> Cited by Rowan Callick in *The Australian*, 10 April 2008.

## Conclusion

Although knowledge of a language or culture is hardly an essential for a prime minister in dealing with another country, understanding cannot help but be an advantage. While knowledge of a language and culture is not a cure-all, I believe it is much better for a state leader to hold negotiations based on some knowledge than on that kind of ignorance that forces total reliance on advisors. In the case of Kevin Rudd, the evidence suggests to me that his knowledge of China and Chinese benefits Australia-China relations, and benefits mutual trust.

This paper proposes that China-Australia relations have for long been a case of harmony within diversity and as such are an example of the theme of the conference. Relations have long been harmonious, and globalization detracts only in small part from the diversity that has always existed both in the two countries and between them. In particular, this bilateral relationship is more than ever a case of harmony within diversity under Rudd, because Australia is making a greater effort than was earlier the case to accede to China's evident wish to maintain a harmonious relationship. He is clearly in a good position to do this, given that he has made a genuine life-time commitment to studying and attempting to understand China and to learning the Chinese language.

However, two points are worthwhile adding here. The first is that one should not underestimate the strength of Howard's commitment to relations with China. It was more economically based than Rudd's and did not assume nearly as much understanding of China. But it was real nonetheless, and he deserves credit for it. It saw enormous increases in trade and investment and in Chinese tourism to Australia and students studying in Australian universities.

The other point is that to call China-Australia relations an example of harmony within diversity should not blind us to the real existing problems. Some of these are long-standing, such as difference of opinion over Tibet and differences in attitude towards the United States. Others may have gained momentum recently. I instance in particular the difference of approach over investment in Australian resources, which is highlighted above. However, the fundamental interests between the two countries remain very similar and the economies more complementary than competitive. There is no reason why the harmony within diversity should not remain intact and even strengthen over the coming years.