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www.afgazad.com

afgazad@gmail.com

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Mike Head

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Australian government cancels Chinese economic deals

Australia's government this week took to a new level its support for the US-backed confrontation with China and also set a global precedent for tearing up economic agreements previously signed with Beijing.

The Liberal-National Coalition invoked new powers introduced last December in order to cancel two deals previously struck by the Victorian state Labor government under the umbrella of China's massive infrastructure Belt and Road Initiative (BRI).

The 2018 "Memorandum of Understanding" (MoU) and 2019 "Framework" agreements were vague and non-enforceable, and had never actually been activated. That only makes their overturn by Prime Minister Scott Morrison's government more clearly a direct and deliberate attack on the BRI.

Washington regards with hostility, as a threat to US hegemony, the ambitious BRI project to link China by road, rail and sea with the rest of the Eurasian continent, right across to Europe, as well as to help build infrastructure in the Indo-Pacific and Africa.

The four-page 2018 MoU merely agreed to "cooperation within the Framework of the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative." Much of the language in the MoU consisted of motherhood statements, such as "form synergy in cooperation,"

Likewise, the nine-page 2019 agreed to “jointly promote” that “Framework” without any concrete proposals. It contained more general statements, such as a desire to “enhance two-way trade”

Evidently, Victorian construction companies hoped for lucrative opportunities in China, while Chinese infrastructure firms could tender for Victorian government projects. Amid growing US and Australian trade war measures against China and the stepping up of the US-led military build-up in Asia, however, no projects ever resulted.



Marise Payne, Australia's Minister of Foreign Affairs. (Wikimedia Commons)

Nevertheless, Australian Foreign Minister Marise Payne formally declared these deals to be “inconsistent with Australia's foreign policy or adverse to our foreign relations in line with the relevant test in *Australia's Foreign Relations (State and Territory Arrangements) Act 2020*.” She gave no further reasons and provided no other explanation.

By further cutting across economic relations with China, on top of a series of bans on Chinese investment, and steps to stop reliance on “supply chains” from China, Canberra's move points to the accelerating US-led preparations for a war against China to prevent it from challenging US power.

The White House was clearly involved in the decision. Asked if the Biden administration had been in touch with Canberra over the issue, White House Press Secretary Jen Psaki did not deny it.

Instead, Psaki revealed how much Washington is preoccupied with combating China. “How we can work together as a global community and in a coordinated fashion as it

relates to China is part of nearly every discussion the President has with a European partner or country in the region,” she said.

Morrison defended scrapping the Chinese deals, saying his government would “always act in Australia’s national interest to protect Australia” and “advance our national interests of a free and open Indo-Pacific and a world that seeks a balance in favour of freedom.”

Such provocative language declares China to be a threat to Australia and world “freedom,” when in reality it is the US and its allies that have conducted barbaric neo-colonial wars for decades, from Vietnam to the Middle East, and are now menacing China.

Defence Minister Peter Dutton added to the belligerence by saying Australia would not be “bullied by anyone” in exerting its sovereign rights. He denounced the Victorian government for betraying the “national interest” by signing the two documents.

This anti-China campaign has bipartisan backing within the parliamentary establishment. For its part, the Victorian Labor government readily accepted the cancellation of its deals. Federal Labor Party leader Anthony Albanese sought to outbid the Morrison government, saying a proper explanation was needed about why Victoria’s deals were scrapped but not the 99-year lease of the civilian Port of Darwin to Chinese company Landbridge in 2015.

The Darwin lease is particularly sensitive because President Obama personally rebuked Morrison’s predecessor, Malcolm Turnbull in 2015 for allowing the lease of the northern Australian port to go ahead without consulting Washington.

Albanese’s stance is in line with his message at Labor’s recent national conference, where he said Labor governments were needed for periods of war and crisis, as a Labor government had proved by initiating the US military alliance during World War II. Backed by the trade unions, Labor’s conference passed no less than six resolutions denouncing China.

Murdoch media outlets and most others hailed the Morrison government for “standing up to” China. Some nervousness was voiced by sections of mining-related business, however, because China has become Australia’s largest export market over the past two decades, with iron ore sales and revenues soaring.

Today's *Australian Financial Review* editorial criticised the government for "prodding" China "for no obvious gain on moribund Belt and Road agreements." Malcolm Broomhead, the chairman of mining, oil and gas giant Orica and a BHP board member, told the *Australian*: "I just don't understand the deliberate provocation of China which sits at odds with 'we want to be friends.'"

Despite such qualms that the attacks on China are provoking restrictions on Australian exports to China, the ruling class as a whole depends heavily on US investment and on Washington's support to pursue its own neo-colonial interests. That is why the Australian ruling elite has joined every major US war since World War II.

The Chinese government reacted angrily and lodged a formal protest. Foreign Ministry spokesman Wang Wenbin accused the Morrison government of "political manipulation and bullying" and setting a "bad" global precedent. He said China had signed BRI cooperation documents with 140 countries and 31 international organisations. "Australia is the first and only country to tear apart an agreement."

Last year, the Chinese embassy issued a 14-point complaint against Australia's discriminatory tariff and other economic measures against Chinese companies, including the ban on the telecom giant Huawei. That ban, imposed in 2018, was demanded by Washington and mirrored by other US allies.

More widespread cancellations of China-linked economic, educational and cultural agreements by state and local governments and universities are looming. So far, Payne said she had reviewed more than 1,000 existing or proposed deals and decided to cancel only four—the two with China and older Victorian agreements with Syria and Iran. Later, after landing in New Zealand, she said she expected further such decisions.

Universities have until June to submit their lists of exchange and other agreements with overseas universities and other entities. Already, the US-aligned and government-subsidised Australian Security Policy Institute is calling for the shutting down of the dozen or so Confucius Institutes on Australian campuses.

The rapidity of the shift against China is underscored by the fact that in 2017 Turnbull's Coalition government reached its own BRI agreement with the Chinese government. Then

trade minister Steven Ciobo said: “Australia supports the aims of initiatives such as the Belt and Road that improve infrastructure development and increased opportunities in the Asia-Pacific region.”

Over the past three years, the Australian government has become a frontrunner in measures against China, including the far-reaching, anti-democratic “foreign interference” laws passed in 2018, that Washington regards as a model for similar provisions internationally.

The International Youth and Students for Social Equality in Australia and New Zealand is today, April 24, at 4 p.m. [AEST] holding an online meeting in opposition to the drive to war against China. Register here.

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