



To: The Senate Foreign Affairs, Defence and Trade References Committee

AUSTRALIA'S RELATIONSHIPS WITH CHINA

I am a private citizen who migrated to Australia from Singapore in 1997. I have watched the rapid economic progress of China with some concern, and would urge Australia to 'Make haste slowly'. These are my concerns:

ECONOMIC

1 **Trade exposure.** Many of the large corporations in China are State owned/controlled, although the exact relationships are not always transparent. When these corporations run into economic difficulties, the parent company does not bail them out. An example is the China Aviation Oil scandal (The Australian, 25th January 2005). If a China trading partner were to fail, Australian businesses may be left with huge debts.

2 **Threat to Australian industry.** Chinese workers are paid a fraction of what Australian workers are, and live in miserable conditions. Nobody pretends that we would want to bring our workers down to the same level and Australians are paid a decent living wage. However, a ladies shirt made in China (Country Road) costs no less, and sometimes more, than a comparable garment made in Australia (Gloster), so one would query where the difference goes. Either way, closer trade ties would damage Australian industry even further.

3 **Business Ethics.** China has been known to be beyond astute in its business dealings. In the 1980's or early 1990's, the Singapore Government invested S\$2 billion to build an industrial estate in Shenzhen in China. This was a huge sum, particularly at a time when China did not have as many trade allies as it does now. The then Prime Minister, Lee Kuan Yew (himself considered to be a tough and astute man) literally received a red carpet welcome, and in due course, the industrial estate was completed. However, the Chinese Government soon built another industrial estate almost next door, using the roads, electrical and other infrastructure paid for by Singapore. The Chinese Government was able to rent premises at half what Singapore was charging. Needless to say, the Singapore estate was a white elephant for many, many years, receiving negligible returns. This debacle is not publicized, but Australia could probably get facts and figures unofficially from their Singapore counterparts.

4 **Competition.** China is flexing its economic muscles to try to lock out competitors for Australian resources (The Australian, 22nd March 2005). This could be detrimental to Australia.

MILITARY

1 **Military Aggression.** China has very quickly shown aggression towards Taiwan. They have not been slow to approach trading partners to lobby for support against Taiwan (Singapore has been approached). Even if one Chinese is half the size of an Australian soldier and has one-third his strength, the sheer size of China's military bears consideration. Do not underestimate them!

2 **The Cox Report.** While the Cox Report has been denounced as alarmist to some extent

(Time Magazine, 7th June 1999), there was certainly espionage by Chinese spies. The consolation was only that it would take the 'struggling nation decades to translate information it has pilfered into a superpower's ranks of bristling missiles' (P. 30). One would hardly call China a struggling nation now, a mere six years later. Australia should not be deceived by the apparent humility, neither should one underestimate the diligence and ambition, both on a national and personal level.

OTHERS

1 **Tiananmen Square.**

2 **Environmental issues.** There is a total disregard for environmental and wildlife, with many endangered species being eaten and killed in a most cruel and callous manner.

SUMMARY

While human rights and environmental issues are commonly considered to be subsidiary, they reflect the attitude of a Government and a people. Australia should consider whether it should rush headlong into putting so much economic wealth, which enables a build up of military power, into a country whose values are so different from its own, and which has shown itself to be militarily aggressive.