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China and Australia mend fences with wine diplomacy resumption

China and Australia reset relations with diplomatic breakthrough

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Australia's Prime Minister Anthony Albanese meets with China's President Xi Jinping at the Great Hall of the People in Beijing November 6, 2023. Photo: Reuters

In recent weeks, China has been cultivating fertile ground for extensive rounds of diplomacy. The Asian powerhouse has strengthened ties with Russia's Vladimir Putin and signed a truce with the Biden administration, restoring long-broken security channels with Washington. Xi Jinping's government rolled out the red carpet for leaders

from developing countries, pitching a greener than ever New Silk Road with renewable energy projects. Additionally, China secured military collaboration agreements at a forum attended by dozens of defense ministers and military leaders. However, one of the most significant achievements may be the restoration of relations with Australia, a country that has been a thorn in China's side in recent years.

After visiting a major import fair in Shanghai, Australian Prime Minister Anthony Albanese was in Beijing on Monday, where his Chinese counterpart awaited him. It had been seven years since an Australian leader set foot in China. "The progress we have made in advancing our relationship has undoubtedly been very positive," Albanese said at the start of the meeting with Xi.

"The relationship is on the right path of improvement and development. I am pleased to see this. What China wants is mutual benefit," the Chinese leader stated during the meeting held at the Great Hall of the People in Tiananmen Square, Beijing. "A strong relationship between China and Australia will be beneficial in the future," Albanese continued.

Relations between the two countries had reached their lowest point in decades. Tensions escalated at the onset of the pandemic when Australia's then-conservative Prime Minister Scott Morrison became a major international critic of the Chinese regime. Morrison called for an independent investigation into the Covid outbreak in Wuhan, banned Huawei's 5G network, accused the Chinese military of intimidating other countries in the disputed South China Sea, and alleged Chinese espionage in Australia to influence its internal politics.

In response, Beijing, infuriated by these actions, unleashed a trade war against Canberra amid the pandemic, imposing a wave of sanctions and tariffs on many products (coal, wine, beef, barley, lobsters), thereby exacerbating the trade imbalance between the two countries through economic coercion. The case of Australian wine was particularly noteworthy.

Before the pandemic, imported wines in China were not subject to tariffs following a 2015 free trade agreement, giving them a considerable market advantage. However, in 2021, Beijing imposed a 218% tax on most Australian wine, causing a collapse in trade

and significantly impacting manufacturers reliant on the Chinese market.

As a gesture towards Canberra's current efforts to improve relations, Chinese authorities have stated they will review these tariffs on wine. This was one of the commitments Albanese secured during his trip.

"We have already seen a series of trade impediments removed and a substantial increase in trade between our two nations," the Australian leader noted. Chinese imports from Australia rose by 8.1% from January to September compared to the previous year, a significant improvement considering last year's 12.7% drop in imports.

Recently, Beijing released Australian journalist Cheng Lei, who had been detained for three years on espionage charges. Albanese has also faced pressure from his domestic opposition to negotiate with his Chinese counterpart for the release of Australian writer Yang Hengjun, arrested in 2019 in China on espionage charges.

In Australia, some media praise their leader for repairing relations with the country's largest trading partner without making concessions. Since his election victory in May 2022, the Labor Prime Minister has toned down the aggressive rhetoric of his predecessor and adopted a more conciliatory tone with China, while maintaining that the United States remains Australia's significant ally, and a major rival of Beijing.

"China is our most important trading partner. It accounts for more than 25% of our exports, and one in four of our jobs depends on our trade. So it's an important relationship," Albanese said during his Beijing visit.

His trip to the Asian country followed a visit to Washington in late October, where he and U.S. President Joe Biden discussed continuing to strengthen the Aukus security alliance, which also includes the United Kingdom, primarily aimed at providing Canberra access to nuclear-powered submarines. Many analysts view Aukus as an alliance to curb China's military expansion in the Pacific.