

Australian government heightens trade conflict with China

By Mike Head
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In recent weeks, the Australian government has placed the country at the forefront of the Trump administration's confrontation with China by spearheading calls for an "international inquiry" into the origins of the COVID-19 pandemic. That demand, while couched in neutral terms, essentially accuses China of deliberately or recklessly setting the coronavirus on the world.

Despite concern in Canberra about the patently false White House allegations that the virus emerged from a Wuhan laboratory, the Liberal-National government, backed by the opposition Labor Party, has provocatively pushed ahead with the inquiry call, winning praise from the US administration.

Prime Minister Scott Morrison's government is now claiming credit for helping instigate a draft resolution calling for an inquiry to go before the World Health Assembly this week. That resolution makes no mention of China or Wuhan by name, instead calling for an "impartial" evaluation of the "international health response to COVID-19," but the government insists it "toughened up" the original version proposed by the European Union, dovetailing with US demands for a more explicit thrust against China.

At the same time, the Morrison government has contributed to the Trump administration's ramped-up trade war with China, even as the US president has issued incendiary threats to punish and cut all relations with Beijing. Over the past week, Australian corporate media outlets and prominent government figures have accused China of retaliating against Australia's inquiry stand by taking action against imports of beef and barley from Australia.

What has been revealed, however, is that successive Australian governments, including the Rudd-Gillard Labor governments of 2007–13, have been imposing

tariffs and other restrictions on imports from China, particularly steel and aluminium products. This protectionist record came to light after China warned it would impose a 73.6 percent duty on Australian-grown barley and suspended imports from four of Australia's biggest abattoirs.

Both disputes involve long-running trade conflicts. The warning on barley followed an 18-month Chinese investigation into claims that Australia dumped the crop into China, where it is used to make beer and to feed livestock. The barley exports were worth almost \$600 million in 2019, after coming off multibillion-dollar highs in previous years.

China complained of a lack of co-operation from Australian barley growers, which reportedly received assistance from the Australian government's \$10 billion supposed rescue plan for the Murray-Darling river system, dating back to 2007. China gave Australia a May 19 deadline to respond.

China's "essential facts" document accused large barley producers, CBH Grain, GrainCorp, Glencore, Cargill and ADM of not providing an "accurate and full report" on the production costs of barley. The document said four smaller producers provided no information.

The Chinese Commerce Ministry estimated that barley farmers received \$165.5 million in subsidies via the Murray-Darling scheme and, as a result, the price of barley in China fell 26 percent in the three years to 2017.

In the beef dispute, Chinese authorities referred to errors relating to labelling and health certificates that date back more than a year. Chinese buyers purchased \$2.6 billion, or 25 percent, of Australia's beef exports last year.

China suspended imports from two JBS Australia-run

abattoirs—Beef City in Toowoomba and Dinmore near Ipswich in Queensland—as well as the Chinese-owned Kilcoy meatworks and the Northern Co-operative Meat Company at Casino in New South Wales (NSW).

China's Foreign Ministry said last Tuesday that the suspension was due to violations of customs and quarantine standards found in multiple batches of beef. A spokesman called on Australia to investigate the issue and "rectify the problem" to "safeguard the food security of Chinese consumers."

Addressing a daily press briefing, a Foreign Ministry spokesman repeated China's criticism of calls for an inquiry into the origins of coronavirus. "To politicise the epidemic will inhibit cooperation on epidemic control and prevention and it is not welcome," he said. But he denied that Beijing had threatened economic coercion in response to the Morrison government's move.

Even though one of the suspended abattoirs was Chinese-owned, the Australian media was immediately full of charges that the barley and beef moves represented an aggressive response to Australia's COVID-19 inquiry call.

Reports then emerged of Australia's treatment of Chinese steel and aluminium makers, who face import duties as high as 144 percent. Chinese authorities wrote to their Australian counterparts as far back as April 2014 warning that anti-dumping duties on Chinese products could affect the broader economic relationship.

Australia's Productivity Commission has regularly criticised the federal government for imposing anti-dumping duties on Chinese steel and aluminium, saying again last month there was "no convincing justifications for these measures." Its latest report said: "Australia is one of the most prolific users of anti-dumping measures in the world and continues to impose an array of anti-dumping measures."

Prime Minister Morrison, who has repeatedly boasted of defending "Australia's sovereignty" against China, brushed aside Beijing's explanations for its barley complaint. He provocatively accused the Chinese government of retaliating against supposedly legitimate anti-dumping measures. "We have had anti-dumping inquiries in relation to Chinese products to Australia," he said. "Not all those decisions were well received."

Australia's anti-dumping measures mushroomed

during the Rudd-Gillard Labor government, with the trade unions agitating for such protectionism as a means of diverting growing workers' anger over job destruction in reactionary nationalist directions. The unions blamed "foreign" governments and workers for closures and job losses driven by the profit calculations of transnational corporations.

Through an Anti-Dumping Commission, the Australian government currently has 81 protectionist measures in force against 22 countries and 27 types of imports. Two-thirds of the measures are aimed at steel and aluminium imports, notably from China.

Sections of the Australian ruling class, especially the billionaires whose fortunes are built on iron ore, coal and gas exports to China, are voicing fears of the fallout from Australia's alignment with the US trade war against China. Nevertheless, the dominant layers of the corporate and financial elite are committed to the US-led conflict with China because of their dependence on the US for investment and military backup.

Over the past two decades, China's economic growth has made it by far Australian capitalism's biggest export market, but that same growth also has turned it into a direct threat to the post-World War II dominance of US imperialism. The escalating US diplomatic and economic attacks on China are threatening to descend into a nuclear-armed military conflict, with Australia's population on the frontline.

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