

Different approaches

Not quite a love-in, but too important for a dust-up.



Kadeer irks China, just by being there – AP

When Kevin Rudd, Australia's Mandarin-speaking prime minister, came to power in late 2007 the country's relations with China seemed poised to improve. But the love-in has failed to happen. This week Australia's government announced that China had cancelled a visit by He Yafei, a foreign-affairs minister, earlier this month. He was to attend a summit of Pacific island leaders, at which Mr Rudd hoped to discuss his plan for a new Asia-Pacific regional body involving China.

The snub was the latest setback in a relationship undergoing strains on several fronts. Australia's commercial relations with its biggest trading partner tend to collide with China's unhappiness over its political stance, especially over human rights. The cancelled ministerial visit was a response to a decision to allow Rebiya Kadeer, an exiled activist from China's ethnic Uighurs, to visit Australia.

China has accused Ms Kadeer of inciting riots involving Uighur and Han Chinese last month. Her visit was to attend the opening of an Australian film about her at the Melbourne Film Festival. The organisers ignored pressure from Chinese officials to cancel the screening, moving it instead to a larger venue when publicity over the row fuelled demand. China reportedly threatened Melbourne's mayor with ending a sister-city relationship with Tianjin. It also unsuccessfully leant on the National Press Club in Canberra to cancel an invitation to Ms Kadeer to speak there.

Yet this week another Australian minister was in Beijing for the signing of a deal under which China will buy liquefied natural gas worth A\$50 billion (\$41 billion) from Gorgon, off Western Australia's coast. The deal between PetroChina, a state-controlled company, and Exxon Mobil is reckoned to be Australia's biggest-ever trade contract. There are hopes that China might be signalling that commercial pragmatism will dictate relations with Australia.

It is proving hard, however, to disentangle the commercial from the political. In June China was upset by what it saw as a threat to its interests when Rio Tinto, an Anglo-Australian mining giant, walked away from an offer by Chinalco, a state-run aluminium firm, to pay \$19.5 billion to double its stake in the firm. Instead, Rio struck a deal with BHP Billiton, its main

competitor, to exploit jointly the vast iron-ore deposits of Western Australia's Pilbara region. Already, China is Australia's biggest market for iron ore, to fuel its industrial expansion.

Australians mainly welcomed the collapse of the Chinalco deal, amid perceptions that China wanted to use its economic power to exert pressure on prices of one of the country's most lucrative resources. Scepticism towards China in Australia hardened in July after the detention of Stern Hu, an Australian who heads Rio's iron-ore operations in China, and three colleagues. Initially accused of stealing state secrets, seemingly to help Rio's bargaining position in the annual benchmark pricing negotiations for iron ore, Mr Hu and some colleagues were eventually charged this month with the lesser offences of commercial espionage and taking bribes.

Reflecting his own background as a diplomat in China, Mr Rudd has taken a low-key approach to resolving the affair of Mr Hu. An opinion poll published this week found that 58% of Australians approved of Mr Rudd's handling of China. But China's recent tough tactics may have done little to reassure Australians about the intentions of their giant trading partner. China Daily, a state-run newspaper, this week accused Australia of being "the champion leader of anti-China chorus". That chorus is unlikely to pipe down.

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