CHINESE PREMIER'S AUSTRALIA VISIT – KEY TAKEAWAYS FOR BUSINESS

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Australia Corporate Alert

In June 2024, China's premier Li Qiang (the head of government and the second most senior Chinese government official) visited Australia, marking the first time in seven years that a Chinese premier has visited the country. Premier Li's visit is a significant milestone in Australia-China relations and has implications for both Australian companies conducting business in and with China and Chinese companies conducting business in and with Australia.

We have summarised below what companies doing business in the Australia-China landscape should know about Premier Li's visit.

DIPLOMATIC DEVELOPMENTS AND ECONOMIC AGREEMENTS

The key theme of Premier Li's visit was stabilisation of bilateral relations. This visit and Australian Prime Minister Anthony Albanese's 2023 trip to China have served to re-establish political dialogue between the two countries. The message from these trips is clear: both countries seek to stabilise economic relations, but ongoing diplomatic and strategic tensions remain. Prime Minister Albanese's reiteration that “We will cooperate where we can, disagree where we must and engage in our national interest” makes clear the Australian Government's stance that trade and investment with China will not take priority over Australia's strategic interests.

While bilateral tensions will continue to create uncertainty for investors and businesses on both sides, both countries will continue throughout 2024 to focus on improving economic relations and seek opportunities for collaboration. This is a positive development for cross-border businesses.

During Premier Li's visit, Australia and China signed a range of bilateral agreements to:

- Strengthen the implementation of the China-Australia Free Trade Agreement;
- Advance discussions on economic policy issues and bilateral economic cooperation;
- Resume cooperation on climate change;
- Encourage further cooperation in education and research; and
- Encourage collaboration in the arts and cultural sectors.

Also notable was Opposition Leader Peter Dutton's drastic shift in his language towards China. His comments, made with respect to Premier Li's visit, that he would "love to see the trading relationship [with China] increase two-fold" and that he is "pro-China", contrast starkly with the approach he adopted during Scott Morrison's term as prime minister, such as when he compared China's rise with 1930s Nazi Germany. This may lend some comfort

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to those concerned that any stabilisation of Australia-China relations would be undone with a change of government at the federal level.

VISA-FREE TRAVEL TO CHINA

Premier Li announced that Australians will be able to travel to China visa-free for up to 15 days, providing relief to Australians needing to undergo the process of obtaining a Chinese visa for short stays. The policy is effective from 1 July 2024 until 31 December 2025 and covers entry for business, tourism, visiting family and transit.

The leaders also agreed to reciprocal access to five-year multiple entry visas for tourism, business and visiting family members.

The new policy is a very positive step towards making China more readily accessible to travellers, people with family in China and businesspeople.

CRITICAL MINERALS AND GREEN ENERGY

Critical minerals were key on Premier Li's agenda, with his trip including a visit to a lithium processing plant in Western Australia. This underscores China's desire for access to Australian critical minerals, which are key to China's decarbonisation. In Western Australia, Premier Li also visited Fortescue's hydrogen research hub, where Fortescue has been developing its capability to supply green iron ore.

China's pursuit of a green economy forms a part of one of China's key strategies, called 'common prosperity' (共同富裕), and has caused it to invest heavily in and lead development of green technology. As China continues its decarbonisation and with its mutual interest with Australia to address climate change (as exemplified in the memorandum of understanding on cooperation on climate change that it signed with Australia during Premier Li's visit), there are significant opportunities for Australian companies to collaborate with Chinese counterparts in the green energy sector. These opportunities do not come without their legal and regulatory challenges.

Premier Li's trip follows the Australian government recently ordering five Chinese-linked companies to divest their shares in a rare earth mining company. This event demonstrates the risks and volatilities companies from both countries face when undertaking cross-border investment in industries deemed to be sensitive by the government of the place of investment.

WINE AND LOBSTERS

Premier Li visited a South Australian winery during his tour following China's lifting of tariffs on Australian wine in March. Australian wine is a popular commodity in China, but the industry took a major blow when China imposed tariffs on Australian wine in 2020. There is optimism that trade will soon recover to pre-2020 levels.

Lobsters remain the only Australian export still subject to the 2020 trade restrictions, and despite many, including Australia's trade minister, expecting the restrictions to be lifted soon, it has been reported that Premier Li has given no word on the situation.

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SUMMARY

In short, Premier Li's visit signifies a positive step in the ongoing stabilisation of Australia's bilateral relationship with China and gives rise to hope that the cross-border trade and investment situation will continue to improve. Nonetheless, such cooperation and engagement in the business sector will face ongoing legal and regulatory challenges. We have experience in advising businesses to navigate these challenges. Please contact us if you are seeking to pursue opportunities in cross-border business between Australia and China.

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