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***SUBJECT/S: Prime Minister's visit to the US; China; Straits of Hormuz;
Jock Palfreeman***

FRAN KELLY, PRESENTER: Richard Marles, welcome to Insiders.

RICHARD MARLES, DEPUTY LEADER OF THE AUSTRALIAN LABOR PARTY: Morning Fran.

KELLY: Why shouldn't the Prime Minister speak out about China and a changing China when he's in the United States?

MARLES: Well, what we saw this week was the Prime Minister go to the United States in the context where there are trade tensions brewing between the United States and China, and those tensions are causing enormous anxiety for people in this country. And in that place, you know, essentially, wearing his baseball cap, takes pot shots at our largest trading partner-

KELLY: But Labor agrees that the global trading rules need to change around China, doesn't it?

MARLES: China is a developing economy. That is the matter of fact. It's an evolving economy. But right now, if you want to put numbers around it, the average income in China is less than \$10,000. The World Bank puts the bar at about \$12,000 in terms of becoming a developed country. To put it in context, our average income is around \$47,000 by that same index.

KELLY: That's one index. China is also the biggest spender on military spending, and actually, at the same time that Anthony Albanese was taking issue with the definition, Penny Wong was in Jakarta describing the new reality around the strategic competition between US and China. She cited China's growing economy, within a decade it's set to become almost twice the size of

the US. Does it need or warrant the concessions it gets under the developing economy status?

MARLES: China is a very large economy and it will become the largest economy in the world. It obviously is a large population. And it is still developing. That's the matter of fact. But the point here is that exactly where China fits in terms of its place within the WTO, indeed, its place within the world, ought to be a matter of negotiation with countries in the world, but certainly from an Australian point of view, that's something that we should be negotiating and working through with China in a respectful way. Now, what we saw this week was the Prime Minister in the United States in the context of there being trade tensions between the US and China, and from there, taking pot shots pot shots against our largest trading partner.

KELLY: So the issue is that Scott Morrison did it from the US? He said this before and Labor didn't take such an issue with it?

MARLES: The context in which he has engaged in this megaphone diplomacy is absolutely the issue. And it's not the way in which this issue should be dealt with in a respectful way.

KELLY: Go to the issue, again, to quote that speech from Senator Wong. She said, "China is demonstrating its right to a greater role in the region as a great power." If China believes that its size and power entitles it to a greater role in the region, shouldn't it be playing by the same rules as everybody else in the region? Don't the rules need to change?

MARLES: It is really important that China participates in a global rules-based order, and that's the context in which Penny was making her comments.

KELLY: Isn't that what Scott Morrison is saying?

MARLES: But we're not comparing apples with apples here. We're talking there in terms of what Penny Wong was saying about China's place, in terms of its strategic power. In the context of the WTO, we're talking about an economy which is still developing in terms of the wealth of its people. And that's the context in which that point is made. But-

KELLY: Is China pushing the envelope here, because when it comes to, for instance, under the climate rules, China also has special concessions as a developing nation. It says it has absolute right to access to some of the funding from the \$100 billion climate fund. I mean, that doesn't seem right, does it?

MARLES: China is a growing economy. That is a fact. And in that sense, it is a developing economy. That is also a fact. It does not meet the tests of the World Bank-

KELLY: So should they get access to that pot of money that a country like

Brazil could get?

MARLES: If I can just finish, Fran - it doesn't meet the test of the World Bank in terms being a developed economy. China is complex. It doesn't lend itself to binary answers. And one of the points here, and this is the fundamental point we were making during the week, in that context the way in which we deal with China, both as a global community but also Australia in a bilateral sense, needs to be characterised by a sense of respect. That's obvious. And what the Prime Minister did this week was not respectful. And that was the point that Anthony Albanese was making. And it's a point well made.

KELLY: And you were in Beijing at the time. How was that point from Scott Morrison received? What was the reaction?

MARLES: Well, I mean, ultimately, it's for China in a sense to give the definitive answer to that question. But what I can say is that the state of the relationship as it exists between Australia and China right now is terrible-

KELLY: What makes you say that? What did you hear?

MARLES: I think that there is a sense in which we are falling down their ladder of relevance. That China is not seeing us in the serious way in which it has seen us in the past. And it is a very complex relationship. And to be fair, there's a whole lot of issues in respect of this where, you know, we can point to behaviour of China, which has led to the relationship not being in a good place. But ultimately, Australia has control of its own behaviour, that's the only thing that we control. And so, if you ask the question - has the relationship been managed well from an Australian point of view over the last six years, the answer is that it has been managed terribly. There has been complete ineptness on the part of this Government, and that is a matter of concern for everybody in this country who is engaged in export to China, and everybody in this country who benefits from that. And we're talking about millions of Australians in that category.

KELLY: In the midst of all of this, at that speech that you gave in China, you called for stronger defence cooperation with Beijing. Why?

MARLES: Well, already we do have defence cooperation with Beijing. Under this Government, Exercise Pandaroo is an example, is an annual exercise that occurs between Australia and China. The level of dialogue between our militaries is at one of the highest levels that China engages with any military in the world. My point is this - right now, we have a massive trust deficit in terms of our relationship with China, and we need to build trust. Actually, in the context of our bilateral relationship, the military-to-military relationship is one area where it is actually not bad, so we ought to leverage that in order to build trust, and we can do more in that space.

KELLY: How does that fit though with the discussion we've been having in this

country over the last few months? For instance, our security services say that we can't trust Chinese - the Chinese telco Huawei to build our 5G network. If we can't trust Huawei and the 5G network, how can we and why should we trust the Chinese military?

MARLES: It's about building trust. And we already engage in activities with the Chinese military. So I'm not advocating that we do anything which puts us in a position of vulnerability. But there is a whole lot of scope here where we can engage in activities which help to build trust. Indeed, that's already occurring. The principle objective of Exercise Pandaroo under this Government right now, is to build trust. And there is no downside in doing that. In fact that is the issue which needs to be developed. And the very advice that we get from our agencies points to that.

KELLY: It's complex, though, isn't it? Because as you say, China has contributed to some degree to this lack of trust and general suspicion.

MARLES: Of course.

KELLY: We've seen Chinese soldiers, images of them flexing their muscles in a region neighbouring Hong Kong to send a message to the protesters. We've got Chinese military rounding up hundreds of blindfolded and bound Uyghurs Muslims for detention camps. A lot of people will be asking - is it smart to get more entwined with the very same Chinese military?

MARLES: China is complex. There is no other way of looking at it. But we are engaged with China, and that's the fundamental judgement that was made back in 1972. It's the judgement that's been made by successive governments, which gives rise to China being our largest trading economy. That is a judgement which means that millions of Australians who derive financial benefit and a livelihood from our engagement from China, so that's where we are at and therefore-

KELLY: So you're talking about how to manage that?

MARLES: Exactly, how do we manage that? We need to have a space where we can raise human rights issues with China, and I did that, and it's critically important.

KELLY: In what terms did you do that? What issues did you raise?

MARLES: Well for example, you mentioned the Uyghur issue. That is a terrible situation, and we need to be able to raise those issues. And it's important that we do that. It's also important that we have a complete assessment of the human rights record in China. I don't do a speech on China without making the point that China is responsible for the single biggest alleviation out of poverty in human history. 850 million people. That's a human rights achievement.

KELLY: But China is also the country that has, at the moment, locked up Dr Yang Hengjun - an Australian citizen. Did you raise that?

MARLES: I didn't raise that specifically. But the point here is that, it is a complex situation where there is good and where there is bad. But ultimately, we've made a decision to engage. We made that decision back in 1972. We continue with that now. I am actually comfortable with that when you take the totality of the relationship. But in that context, it's important that we do continue to raise human rights issues when they arise and it's really important that we do that. But if we're engaging, then we need to be having the best relationship with China that we possibly can have. And right now, this Government is not delivering it. In fact, they're inept.

KELLY: Isn't it important though, in the long-term, obviously a long-term crucial relationship, not just raising the issues, but the response that you get from that. What response did you get? Because we've seen no response apparently that anyone can tell to the detention of Doctor Yang. What response did you get when you raised the treatment of the Uyghurs?

MARLES: I got the response, the predictable response that you get in China. I'm not pretending that my raising of the issue has solved it.

KELLY: No, I'm just wondering if they're prepared to engage at all?

MARLES: Well, they do engage and they will raise their arguments in relation to it. But it's important that we keep that advocacy going. But ultimately, we make this judgement, don't we. Are we going to continue to engage with China or not? Now, the answer to that question is a no-brainer. Clearly, we are going to. And I am comfortable in doing that. But this Government, our Government right now, is managing this relationship badly. And it's really important that we understand that. I mean, when you've got Government backbenchers out there drawing an equivalence between China and Nazi Germany, which is what we've seen in the last few months - not surprisingly, that did resonate in Beijing.

KELLY: And that was raised with you?

MARLES: Yeah. And people are unhappy about it. And there is no moral equivalence between China and Nazi Germany. It's a ridiculous thing to say and it's damaging to the relationship.

KELLY: On another issue, while you were away, there was a Labor backbencher who was raising concerns about the Coalition in Australia signing on to the American Coalition of the Straits of Hormuz. Ed Husic told ABC TV this week that was the wrong decision. He doesn't think that Australia should have joined them, just as most EU countries haven't, he said and I quote, "It would be good to stand proudly as Australians rather than look like Trump Toadies". What's your response to that?

MARLES: Ed has a right to say what he wants to, as a backbench member, and I absolutely respect his right and the comments that he makes. But ultimately, we do not stand in that context. Freedom of navigation is what's at issue with the Straits of Hormuz. Freedom of navigation is central to Australia, as an island trading nation. And that's why we're participating in that exercise. Why we've participated in exercises for many years in relation to freedom of navigation, and why we've had a frigate in the Persian Gulf for most of the last decade engaged in Operation Manitou which is exactly about freedom of navigation.

KELLY: Can I just ask you one final issue; Australian Jock Palfreeman was granted parole by the Bulgarian court last week. Jock Palfreeman, who has been detained again, says successive Australian governments have failed him. What more can and should Australia be doing for Jock Palfreeman?

MARLES: I don't know much more about this than what's in the public domain. What I do know is that the way in which Australia provides consular assistance to its citizens around the world is as good as any country I've seen. We have the very best people who work on this, and I think it's really important that we allow them to do their job. I obviously understand the anxiety that would be felt by Mr Palfreeman and his family in Australia, but it's really important that we give the space to our consular officials to do the work that they need to do here.

KELLY: Richard Marles, thanks very much for joining us.

MARLES: Thanks Fran.

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