

# CHAPTER I

## INTRODUCTION

In the scope of international relations, international cooperation is a known discussion. Each country will cooperate to achieve its national interest including health, trade, security, culture, and others. Cause and effect will inevitably occur when these countries decide to cooperate. In this chapter section, the author will explain the background of the problem, research question, theoretical framework, hypothesis, research methods, limitations of research and thesis structure. It aims to make it easier for the author to do the research as well as to make it easier for readers to understand the research written by the author.

### 1.1.BACKGROUND

Australia is a country blessed with good natural resources. In this way, Australia has a significant opportunity to supply regional economies with superior agricultural services and products (Enterprise Ireland, 2019). Moreover, Australia's economy is heavily dependent on exports because exports take a significant role in the process of good growth and development. Australia is a mineral and energy superpower. Therefore, Australia can take advantage of the strategic location of its role to fulfill the demand of mineral and energy needs for Asia because Australian exports are highly reliant on trends in global demand. Minerals and energy that can be utilized by Australia include: coal, iron ore, LNG, gold, alumina, nickel, and zinc. From the previous studies conducted by (Silva, 2014) The author stated in the journal "*Export Trends and Free Trade in Australia: An Analysis*" that 20 years ago, the primary export destination countries for Australia's main commodity were the United Kingdom, the United States of America, and New Zealand. In 1990, Australia finally changed the direction of its export focus to Asia and it had several factors that affected Australia's export destinations, such as the increasing demand

for various Australian commodities from Asian countries. Australia turned to Asia due to the rapid economic growth of countries in Asia and overriding traditional approaches America and Europe as their export destination (Atkin & Connolly, 2013).

In the interest for maintain market stability for its commodity exports, Australia is focusing on free trade agreements with fast-growing economies. Furthermore, Australia seeks to establish relations with countries in Asia especially China to expand Australia's export trade. China is a country that has increasing influence in the region so Australia intends to pursue its bilateral interests with China. Australia's ambition in cooperating with China can also be seen from the bilateral trade agreement that has been signed. Australia and China signed a free trade agreement to enhance their foreign trade. The purpose of a bilateral trade agreement is to develop connection between the markets of two countries and boost their economic growth and enlarge the market for a country's goods (Kagan, 2020).

The relations between Australia and China have not always worked well. Various problems apart from international trade must also be something that cannot be avoided in international relations. On April, Australia's prime minister Scott Morrison informed reporters that he had recommended to some world leaders to build an international coalition provide the World Health Organization (WHO) with more ability to respond to the pandemic. One week later, China immediately imposed sanctions in the form of barley tariffs against Australia. Beijing recommends foreign visitors not to visit Australia in June 2020, citing racism and violence against Chinese citizens in fact related to Covid-19 (Levi Parsons For Daily Mail Australia, 2021). Furthermore, the Ministry of Education of China advises students to reconsider studying in Australia. However, China's trade policy actions will be focused on Australian goods exports (Doran, 2021).

The threat posed by China did not discourage Scott Morrison in carrying out an investigation into the corona virus. One of the sentences that can be quoted from Scott Morrison's speech at the 75th Session of the General Assembly of the United Nations in New York, 22–29 September 2020, was “a global pandemic that has claimed the lives of at least 1 million souls that we know of and has plunged our world into a global economic recession.” Scott Morrison wants to lead global calls for an investigation into COVID-19's origins. China was degraded by Australia's actions, and Beijing warned the country that its actions would irreparably harm relations between the two countries. Beijing's ambassador Cheng Jingye warned to Canberra that a call for an inquiry could damage trade ties, If Canberra continued for an investigation China warned a potential economic backlash (Walsh, 2021). Cheng Jingye claimed that the racial discrimination inquiry could result in Chinese tourists and scholars boycotting Australia when international travel resumes following the pandemic.

The explanation above is the background of trade relations between Australia and China getting worse during the pandemic, China has attacked Australia a lot causing Australia's international trade activities to be disrupted (Packham, 2020). As the result of trade tensions caused by China's anger towards Australia, Beijing targets its several key Australian such as wine, barley, coal, copper ores, frozen beef, cotton, timber, and rock lobster. Beijing imposed high tariffs on some Australian exports, citing anti-dumping measures. Several verbal sales bans and other sanctions China has implemented. This research will discuss more Australia's reaction to overcome China's trade sanctions during trade tensions with China in Covid-19 Pandemic because of the vitality of their international trade relations. The author hopes this research will be helpful to be an insight for further research.

## **1.2. RESEARCH QUESTION**

Based on the background above, the author would like to prompt a question as follows: How did Australia Overcome China's trade sanctions during the covid-19 pandemic?

## **1.3. THEORETICAL FRAMEWORK**

The author will use international organization theory to examine this topic. Countries have been able to cross borders as a result of globalization. A growing proclivity to act multilaterally rather than unilaterally (in the sense of relying on IO). Multilateralism is a system in which states are expected to act as a group through negotiations and IOs. According to Robert O. Keohane, an international institution or international organization is a government regulation that includes a network of rules, norms and ways that as well as oversees (Keohane, 2008).

The strengthening of international organizations roles, both regionally and internationally, has resulted in international organizations being filled with the membership of countries that have joined into a regime in international institutions politics. In addition, Donald Puchala and Raymond Hopkins argue that a regime exists in every issue area of international relations where there are regularities of behavior, such as principles, norms, or rules that must exist to be held accountable (Prayuda, Harto, & Gunawan, 2018).

In terms of international trade, for example, the World Trade Organization (WTO) as an international trade regime is expected to integrate all of the world's trade interests through mutually agreed-upon provisions (Oktaviano, 2017). A regime can establish property rights by enacting special rules that limit who owns what and who is responsible for what, as well as enforcing them or at the very least adjudicating disputes over them (Barkin, 2006). Regimes are absolutely necessary for countries as a vehicle for communication traffic between countries in solving their problems. An international regime

functions as a means of communication for member countries in solving problems that threaten regime members.

As part of their organizational structure, some IOs have a full-time dispute resolution body. The most well-known example is the WTO Dispute Resolution Mechanism (DSM), which resolves trade disputes among WTO members. The WTO is proposed to produce conditions that are reciprocal and mutually beneficial so that all countries can benefit. The Dispute Settlement Body (DSB) is the backbone of the current multilateral trading regime (Oktaviano, 2017).

The author takes one example of the WTO's role in resolved trade disputes was the settlement of anti-dumping cases between Indonesia and South Korea. In 2004 Indonesia imposed anti-dumping duties against South Korea. Indonesia filed an appeal at the World Trade Organization Dispute Settlement Body forum, Indonesia won this dispute (Tempo.co, 2010). The same thing can be done by Australia against China, due to the anti-dumping efforts carried out by China against Australia due to these trade tensions resulting in tremendous losses.

International organizations can influence international relations by facilitating cooperation and by legitimizing rules. Cooperation with other countries in the context of diversification can create new and expanded international trade opportunities. The role of international institutions is very important in international politics in order to create cooperation among international countries (Barkin, 2006). The WTO binds governments to keep their trade policies transparent and predictable which will improve the economic well-being and reduce political tensions (Anderson, 2022). In principle, the WTO is a means to encourage an orderly and fair free trade in this world (Oktaviano, 2017).

Based on the theory of international organization, the author tries to analyze Australia's reaction in overcome China's

trade sanctions during trade tensions with China in Covid-19 Pandemic.

#### **1.4. HYPOTHESIS**

Based on what has been written by the author on the background, research question, and theoretical framework, the author takes the hypothesis that Australia takes some actions in overcome China trade sanctions during covid-19 pandemic such as:

1. Australia reports China to the World Trade Organization (WTO) in order to find solutions for the trade disputes
2. Australia diversify its international trade partners through Free Trade Agreements (FTA)

#### **1.5. RESEARCH METHOD**

This research will be using the qualitative method. According to David Williams (1995) in the book written by Lexy J Moleong (2006) states that qualitative research is the collection of data in a natural setting, using natural methods, carried out by naturally interested people or research. From the qualitative method, the author uses a qualitative approach in this study to examine Australia's reactions in overcome China's trade sanctions during the COVID-19 pandemic. The author will use library data research. Any other way, library research uses library sources to collect and analyze the data (Zed, 2004). The data that the author will use is gained from journals, books, reports, and internet sources.

#### **1.6. LIMITATION OF RESEARCH**

The limitation of this research is Australia's reactions in overcome China trade sanctions during Covid-19 Pandemic. The author will analyze what actions Australia has taken to overcome China's trade sanctions from 2019 till 2021.

#### **1.7. THESIS STRUCTURE**

- a. CHAPTER I:

This chapter contains the introduction, background, research question, theoretical framework, hypothesis, research methods, limitations of research, and thesis structure.

b. CHAPTER II:

In this chapter, the author explains about the history of Australia-China export-import relations before the covid-19 pandemic. Then, the author tries to discuss about the emergence of Australia-China trade tensions during covid-19 pandemic.

c. CHAPTER III:

This chapter contains Australia's reaction to China trade sanctions during the COVID-19 pandemic. This study argues that Australia is serious enough to using international organization which is WTO as a trade regime in overcome China's trade tensions.

d. CHAPTER IV:

In this chapter, the author summarizes and provides conclusions.