



Advertisement

[World](#) [Asia](#) [China relations](#)

Australian exporters brace for China ban, eye new markets

[Michael Smith](#) and [Brad Thompson](#)

Nov 6, 2020 - 10.10am



Australian exporters are making long-term plans to diversify away from China after some shipments were cancelled this week as [Beijing's threat to ban more than \\$6 billion worth of commodities](#) sent distributors in China scurrying to find new customers.

Two traders in Shanghai said on Friday they were told by Customs officials that their orders for Australian wine and other goods would not be cleared. They were not given any paperwork or a clear explanation for the ban or how long it would last.





China may ban the export of Australian lobsters from Friday. **Quentin Jones QCJ**

Exporters in Australia were still waiting to find out late Friday if Beijing would implement its unofficial ban on wine, barley, sugar, timber, coal, copper and lobster nationwide. China is also expected to target Australian wheat exports, according to Australian farmers.

While many believed the move was a scare tactic, they said it had already had the desired effect as some exporters cancelled shipments while traders in China said they had no choice but to look at new markets because of the political risk. A notice outlining the banned commodities was circulated among the country's distributors and [confirmed by a state-controlled newspaper this week.](#)

Industry leaders, furious at China's attempts to play politics with billions of dollars in exports, said it was time to diversify away from the world's second-largest economy.

Advertisement

“A lot of producers are starting to regard China as a bonus market now and not one they can rely on,” Western Australian Farmers’ Federation chief executive Trevor Whittington said.

“Banks are thinking the same way because right now it is not a reliable long-term market.”

Mr Whittington said farming and fishing businesses, mostly still family or privately owned, were starting to exclude China from earnings forecasts and business planning. Beijing’s bully boy trade tactics could backfire because there was a “made anywhere but China” mindset emerging among Australian farmers, he said.

Austrade briefed Australian exporters on the situation by telephone on Thursday while Australia’s ambassador to China, Graham Fletcher, addressed the Australian

business community in Shanghai on Friday morning with a clear message that Canberra was not going to back down on its position on China.

Analysts said China would only ban products it did not need or would be able to obtain from other countries, including the United States which last year signed a trade deal with Beijing.

"Although it is hard to guess whether the ban will be strictly implemented, the Chinese government is taking concrete measures to reduce its imports from Australia," Lin Guofa, a senior analyst with consulting firm Bric Agriculture Group, told *AFR Weekend*.

"All these Australian imports can be easily substituted by the same products from other countries."

Melbourne-based research group *IBISWorld* said the bans would cause major damage to some of Australia's most lucrative industries. It estimated Australia's wheat exports to China were worth \$568 million, timber \$594 million, lobster \$1.7 billion, copper \$3 billion and coal \$14.2 billion.

The Chinese government has denied it would implement [such a wide-ranging ban, which would be in breach of World Trade Organisation \(WTO\) rules](#) and its free-trade agreement with Australia.

A spokesman for China's Foreign Ministry said the measures taken on foreign imports were in line with Chinese laws and the free trade agreement between Australia and China.

However, tabloid newspaper *The Global Times*, on Thursday referenced the possible sanctions in an article about an annual trade fair in Shanghai this week.



RELATED

Farmers fight back at China, which risks shooting itself in the foot

**RELATED****China calls on next US president to reboot relations**

Sources told *The Australian Financial Review* earlier this week that government officials held off-the-record meetings with distributors in Shanghai, Beijing and the port city of Ningbo last week telling them to halt further orders of Australian goods.

Australia's former ambassador to China, Geoff Raby, said it was "wishful thinking" to believe Australia could diversify away from its biggest trading partner unless people were willing to accept the damage it would do to the economy and their standard of living.

"It then becomes a matter of what price we want to pay. It's not a situation we might want or wish for. We can try and diversify but it will come at a cost," he said.

"We find ourselves as an outlier. Everyone has grief with China but very few, if any countries, find themselves in this situation. It begs the question: are there any other alternative ways to manage the relationship to avoid finding ourselves in this situation?"

It could be unclear if there is a ban in place until late Friday or Saturday. Either way, many believe the damage has already been done.

"We have already seen Australian companies change behaviour. Some companies have withheld shipments. We are sanctioning ourselves," Jeffrey Wilson, director of the Perth-USAsia Centre, at the University of Western Australia, said.

"I think they are going to keep punching us as long as they want to. It is a function of wolf-warriorism."

On Friday China accused Canberra of fuelling anti-China sentiment and sanctioning Chinese companies.

"With Australia mired in its worst recession in decades, it should steer clear of Washington's brinkmanship with China before it is too late," [the China Daily](#) warned in an editorial.

Michael Smith is the China correspondent for The Australian Financial Review. He is currently based in Sydney. *Connect with Michael on [Twitter](#). Email Michael at michael.smith@afrc.com*

Brad Thompson writes across business and politics from Western Australia for The Australian Financial Review. Brad is based in our Perth bureau. *Connect with Brad on [Twitter](#). Email Brad at bradthompson@afrc.com*



Save



Share

License article

READ MORE

[China relations](#)

[Xi Jinping](#)

[China](#)

[Sydney](#)

[WTO](#)

[University of Western Australia](#)

[Soft commodities](#)

[Farming](#)

[Trade](#)

[Wine exports](#)


LATEST STORIES

Live [US votes 2020](#)

Biden, Harris to claim historic win

7 mins ago

[US votes 2020](#)

Key moments in the Trump presidency

14 mins ago

[Rural property](#)

Historic farm on block as \$18m land bank

15 mins ago

Analysis [US votes 2020](#)

Denial, and resignation, from Trump and a handful of aides

47 mins ago

SPONSORED

LATEST IN ASIA

[Fintech](#)

Why this man left Goldman Sachs to head a business in Myanmar

Nov 6, 2020 | Michael O'Neill

[US votes 2020](#)

China calls on next US president to reboot relations

Nov 5, 2020 | Michael Smith

[IPO](#)

Would-be Ant investors demand refund

Nov 5, 2020 | Yue Yue and Denise Jia

[China relations](#)

Chinese state media acknowledges ban on seven Australian exports

Nov 5, 2020 | Michael Smith

[US votes 2020](#)

China rejoices in a divided America

Nov 4, 2020 | Michael Smith

MOST VIEWED IN WORLD

- 1 Citizen Trump will face legal woes**
 - 2 Joe Biden declared 46th president-elect, Harris first female deputy**
 - 3 Trump has one last chance to boost his legacy**
 - 4 Denial, and resignation, from Trump and a handful of aides**
 - 5 'Welcome back America': World leaders greet Biden win**
-

THE AUSTRALIAN
Financial Review Magazine**Fire, smoke and steam add ancient drama to new food venue**

Jill Dupleix

**Why slogomania has overtaken logomania in fashion****Italian inspiration meets Australian flavour in new liqueurs to love****BOSS****Six things I learnt from trying 20 online courses**

Louise McElvogue

**Inside the art of succession planning****Rich Listers win with boards that can say no**

Life & Leisure

Prestige jewellers go large with shape-shifting creations



Lauren Sams

85 years on, a legendary shot still sets the bar at the US Masters

Bond meets Batmobile in 'cartoon' Aston

RICH LIST

Goodman primed for earnings upgrade on e-commerce boom



Larry Schlesinger

Rich Lister Jack Cowin clean sweep with Coles plant-based meat deal

How to become a Financial Review Rich Lister

The Daily Habit of Successful People

MY ACCOUNT



SUBSCRIBE



ABOUT US



CONTACT




MAGAZINES 

COLUMNS 

MARKETS DATA 

LISTS 

EVENTS 

OUR NETWORK 

TERMS AND CONDITIONS 

© Copyright 2020 The Australian Financial Review

[Site Map](#)