

## Media Roundup Issue 45 (04/11/17 – 10/11/17)

### 1. Australia-China relations: a distracted Turnbull drops the ball

**03/11/2017**

**Andrew Clark**

**Australian Financial Review**

Malcolm Turnbull likes paddling his kayak. Far from the serene calm of Sydney Harbour, however, the Prime Minister has once again hit the proverbial rapids, and faces multiple hazards before Christmas.

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Linda Jakobson, founder and chief executive of China Matters, a not-for-profit with a focus on drawing Australian business executives and government ministers and senior officials closer together on China-affecting issues, calls for more balance and understanding in Australia's relationship with China. "If we don't take China's interests more into consideration we will lose important parts of our economic relationship," she says, citing Chinese tourist arrivals and student numbers as the sort of areas that could be vulnerable to a sudden, Beijing-inspired and/or mandated, drop-off in numbers.

Australia must decide "what are its national interests vis-a- vis the People's Republic of China. Australia needs to be prepared to stand up for those national interests and be "punished" for them. I think at the moment those in power are struggling to define the right balance with an ever more ambitious and assertive PRC," Ms Jakobson says.

In Jakobson's view, government ministers and senior officials need to get to know their Chinese counterparts as well as they know the same figures in Washington. She contrasts Australia's dilettantish attitude with that of Germany. Chancellor Angela Merkel, who has been in office for 10 years, makes a point of travelling to China at least once, and sometimes two or three times, a year.

[\*Full text available here\*](#)

## 2. China's economic success challenges Western democratic dominance

**04/11/2017**

**Alan Kohler**

**The Australian**

The 19th Chinese Communist Party Congress last month would have been a troubling event for the world's capitalists, if they weren't too busy salivating over the billion or so potential middle class consumers there, shopping online and booking airline tickets.

At least the Soviet Union had the decency to collapse in 1991, so that the proposition that democracy and economic success always go together could be elevated to the status of truism, along with the reverse — that communism and autocracy were synonyms for failure.

It seemed undeniable then, but back in 1956 when Nikita Khrushchev declared "We will bury you", nobody laughed. (Nobody's laughing now, either, as Vladimir Putin's Russia "buries" the US political system, but undermining an election with Facebook ads and colluding with one side's campaign staff was not quite what Khrushchev had in mind.)

*Read more (Paywall):*

<http://www.theaustralian.com.au/business/opinion/alan-kohler/chinas-economic-success-challenges-western-democratic-dominance/news-story/40c33003a9ed005ea418f5c123780cea>

## 3. Australia's bipartisan approach to China eroding: former diplomat Richard Rigby

**05/11/2017**

**Andrew Clark**

**Australian Financial Review**

A former senior Australian diplomatic has warned that Australia's traditional bipartisan approach to China is eroding as Coalition government concerns over natural security issues start to overshadow the previous focus on trade and investment.

The warning from Richard Rigby, a former Australian Consul General in Shanghai, comes with the first Australian admission in China that the dual citizenship crisis, a more assertive China, and strains in the bipartisan approach, means a "certain shrillness has entered the discussion".

Speaking in southern China, Mr Rigby also warned on Sunday that there were "signs of at least some divergence in the approaches to China of the Government and the Opposition".

"Due perhaps to the very tricky domestic political situation, we are unlikely to see firm and clear Prime Ministerial guidance" in Australia's most important economic relationship, Mr Rigby said.

*Read more (Paywall):*

<http://www.afr.com/news/politics/world/australias-bipartisan-approach-to-china-eroding-warns-former-diplomat-20171105-gzf3m3>

#### 4. Virgin Australia chair Elizabeth Bryan looks to China for next phase of growth

**05/11/2017**

**Michael Smith**

**Australian Financial Review**

Virgin Australia chair Elizabeth Bryan has defended the airline's financial performance as it rebuilds its balance sheet following a bitter capacity war with rival Qantas, saying it is important for Australia to have two full-service domestic carriers.

Speaking about her role in the airline's controversial recapitalisation for the first time, Ms Bryan said the battle to break Qantas' grip on the local aviation market was tough but she is happy with the airline's performance after it became cashflow positive for last year for the first time in five years.

Ms Bryan said the booming Chinese tourism market would underpin the next phase of the airline industry's growth in Australia.

*Read more (Paywall):*

<http://www.afr.com/business/transport/aviation/virgin-chair-looks-to-china-for-next-phase-of-growth-20171105-gzf3gm?btis>

## 5. As climate wars rage in Australia, China hits Paris target a decade early

**05/11/2017**

**Angus Grigg**

**Australian Financial Review**

China's major commitment under the Paris climate change agreement will be met a decade ahead of schedule, leading to calls for Beijing to take even stronger action to lower global emissions.

As delegates arrive in Bonn for the annual United Nations environment conference, beginning on Wednesday, China and increasingly India are emerging as global leaders for the first time.

Under its Paris commitments, first outlined in late 2014, Beijing said its CO2 emissions would peak "before 2030" in what was viewed as a highly ambitious target at the time.

*Read more (Paywall):*

<http://www.afr.com/news/policy/climate/as-climate-wars-rage-in-australia-china-hits-paris-target-a-decade-early-20171105-gzf20g>

## 6. Summits expected to toughen security ties with Asia

**06/11/2017**

**Primrose Riordan**

**The Australian**

Malcolm Turnbull will move to secure stronger security ties with Asia at the upcoming summit season with discussions expected over a "quadrilateral" coalition of the region's four major democracies and a strategic alliance with Vietnam.

The discussions are seen by diplomats as a direct response to China's more aggressive foreign policy on display at the latest National Congress of the Communist Party and uncertainty over US policy towards Asia.

Asian nations such as Vietnam and Singapore are looking to Australia for regional leadership and hope the country joins a revived Quadrilateral Security Dialogue between the US, Japan, India and Australia.

*Read more (Paywall):*

<http://www.theaustralian.com.au/national-affairs/summits-expected-to-toughen-security-ties-with-asia/news-story/09d30f844ed82fa6c05c4725e73c3b76>

## 7. Chinese personal shoppers have created a new type of retail store in Australia

**06/11/2017**

**Gary Mortimer & Charmaine Glavas**  
**The Conversation**

It might seem unlikely that there's stores in Australia, selling only a small range of products, at prices significantly higher than supermarkets, yet turning over millions of dollars each year. But an increase in stores catering to personal shoppers, called daigou, are growing in the Australian retail scene.

As demand for Australian products increases, daigou stores allow Chinese shoppers to send goods to China. One public relation agency estimated there are between 1,200 to 1,600 small daigou stores that offer "pack and send" services in Australia. Until now, these businesses were fragmented and operated independently.

However, the first Daigou retailer recently listed on the ASX, AuMake. The retailer has seven stores in Sydney and plans for more.

*Read more:*

<https://theconversation.com/chinese-personal-shoppers-have-created-a-new-type-of-retail-store-in-australia-86844>

## 8. The long reach of China's United Front Work

**06/11/2017**

**Gerry Groot**  
**The Interpreter**

China's official state mouthpiece, the Xinhua news agency, last month declared 'Enlightened Chinese Democracy Puts the West In the Shade.' While Xinhua maintains the fiction that the Chinese Communist Party (CCP) and its 89 million members represent the majority of the people, it also 'consulted with eight other

non-Communist parties and prominent figures without party affiliation' in the lead up to the Party's 19<sup>th</sup> Congress.

'This well-established practice of institutional consultation,' the news agency proclaimed, 'is just one of the ways the CCP ensures the democratic nature of decision-making.' Xinhua gleefully concluded that China's recent successes contrasted with the rise of disillusionment and many other problems in Western democracies.

A much underestimated and misunderstood part of this 'democracy', as the CCP defines it, results from the system controlled by the Party's United Front Work Department (UFWD). This complex set of institutions and organisations act as key elements of surveillance and political influence, but also as means of consultation with and representation of those outside the Party. This system is an important reason the CCP's control is so effective and regarded as legitimate, and why the dramatic social and economic changes since the late-1980s have been integrated smoothly, especially after the disruptions of May-June 1989.

*Read more:*

<https://www.lowyinstitute.org/the-interpreter/long-reach-chinas-united-front-work>

## 9. Why joining the Quad is not in Australia's national interest

**06/11/2017**

**Geoff Raby** (Associate of China Matters)

**Australian Financial Review**

Australia's joining a quadrilateral group with Japan, India and the US is a bad idea, a very bad idea. It was a bad idea 12 years ago when first pushed by Prime Minister Shinzo Abe during his stunningly brief term as Japan's prime minister, and it remains even more so today. It is a potentially dangerous response to China's ascendancy and flies in the face of more than 30 years of Australian policy engagement with China.

In 2005, recently elected Prime Minister Abe proposed a "quadrilateral grouping of democracies" comprising the US, India, Australia and Japan. This was the "big idea" from a book Abe published on his path to the prime minister's job. The purpose was to contain China. With the ideological wrapping of "democracies", it found a willing audience among the rapidly fading Bush/Cheney administration. It was also embraced by the Howard government. It might say something that all had lost power within two years of signing up.

Then, China's economy was ranked third largest in the world behind Japan's and the US. China's diplomacy was still defensive. When the quadrilateral was proposed, China reacted vehemently. It was seen by Beijing as containment, which it patently was. It was proposed by China's arch rival: Japan. It was also seen as introducing Cold War divisions in the Asia Pacific and so dividing the region, which it was. And was completely at odds with decades of regional diplomacy that sought to unify the region along non-ideological lines to promote regional cooperation and integration.

*Read more (Paywall):*

<http://www.afr.com/opinion/columnists/riding-a-quad-bike-away-from-our-national-interest-20171105-gzfi2n#ixzz4xhdBhigl>

## 10. China's top banker echoes IMF, warns of debt crunch

**06/11/2017**

**Rowan Callick**

**The Australian**

China's central bank chief, Zhou Xiaochuan, has issued stern warnings in a long article on the central bank's website about the country's rising debt levels.

China's overall debt at the start of this year was 247 per cent of GDP, mostly comprising corporate debt which then reached 165 per cent of GDP.

The accumulation of further debt since then has triggered warnings in the past few months from the IMF, and downgradings of sovereign ratings, first by Moody's and then by Standard & Poor's.

Mr Zhou, governor of the People's Bank of China, spoke during the recent Communist Party congress of the danger of a "Minsky moment" engulfing China. His new article emphasises that this warning was not a throwaway line, but was carefully considered.

*Read more (Paywall):*

<http://www.theaustralian.com.au/business/markets/chinas-top-banker-echoes-imf-warns-of-debt-crunch/news-story/c2fd836078d90a5c77510c459a20eda9>

## 11. Chinese buying overseas property to keep vacant near-halves over past six months

**06/11/2017**

**Su-Lin Tan & Michael Bleby  
Australian Financial Review**

Chinese buyers purchasing overseas residential property to keep vacant nearly halved over the past six months as the need for rental yield prompted more owners to lease out their homes, the latest UBS Evidence Lab survey shows.

The investment bank's latest half-yearly survey of more than 3,000 mainland Chinese consumers shows people purchasing property overseas to keep vacant fell to 14 per cent in August from 25 per cent in March even as the proportion saying they purchased an overseas home only for temporary use ticked higher.

"This may reflect the yield component of return becoming more important to investors," said Kim Wright, UBS's global head of real estate and a co-author of the report.

*Read more (Paywall):*

<http://www.afr.com/real-estate/chinese-buying-overseas-property-to-keep-vacant-near-halves-over-past-six-months-20171106-gzfk2a#ixzz4xiIXz8HU>

## 12. Donald Trump has done Australia a favour

**07/11/2017**

**Peter Hartcher  
Sydney Morning Herald**

Could it be that, despite everything, Donald Trump is doing Australia something of a favour? He has jolted the world's confidence in US sanity, shaken the trust of US allies and shattered progress in global market-opening. In other words, he's undercut the fundamental principles and systems that have sustained the America-centric global order since World War II. Yet because of this shock to the system, he is forcing Australia's leadership to think.

Australia's default position for most of the postwar era has been to contract out to Washington most of the thinking on foreign affairs and defence. Australia has automatically relied on the US alliance as the national insurance policy, and sent

small contingents to support America's fights in the Middle East as payments to make sure the policy remained current

It wasn't that Australia lacked independence. It's that we chose dependency. As former diplomat Allan Gyngell puts it in an essay in the new journal Australian Foreign Affairs: "No one has forced us to fight particular wars or pursue particular goals. It was all our own doing.

*Read more:*

<http://www.smh.com.au/comment/donald-trump-has-done-australia-a-favour-20171106-gzflcg>

### 13. Trump awaited by China's curious public as the red carpet rolls out

**07/11/2017**

**Kirsty Needham**

**Sydney Morning Herald**

Donald Trump will arrive in Beijing on Wednesday with the red carpet rolled out by his hosts for a "state visit plus".

China's attempts to reciprocate the personal touch of Trump's Mar a Lago hospitality, where the US President's grandchildren recited Chinese poetry, in Chinese, to Xi Jinping, will make for a global TV spectacle.

The cameras will also watch the incongruity of Trump, whom Chinese media politely describe as having a "strong personality", strolling the ancient Forbidden City.

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Trump has changed his schedule to attend the East Asia Summit, where the 10 ASEAN leaders meet with dialogue partners including the US, China, Australia, India and Japan. His attendance only comes after headlines warned that his absence would leave a power vacuum China was only too happy to fill.

*Read more:*

<http://www.smh.com.au/world/trump-heads-to-china-but-where-he-goes-next-is-the-real-deal-20171106-gzg2ar.html>

## 14. Australia backs restoration of 'anti-China' security grouping

**7/11/2017**

**Phillip Coorey**

**Australian Financial Review**

Australia has brushed aside concerns by Beijing and will formally discuss with Japan, the United States and India the restoration of the Quadrilateral Security Dialogue, a regional forum designed to counter the power of China.

The Howard-era forum collapsed in 2008 when the newly-elected Rudd government withdrew under pressure from China.

But with the US and Japan leading a push to re-establish the forum, senior officials from each of the four nations will meet on the sidelines of the East Asia Summit early next week in Malaysia.

One Australian official said even though the leaders of the four nations, all of whom will be at the summit, would not be at the meeting, the fact they were sending "senior officials" was "a significant step in this area".

*Read more (Paywall):*

<http://www.afr.com/news/australia-backs-restoration-of-antichina-security-grouping-20171106-gzg6vq>

## 15. The risk we take when we panic about China's rise

**08/11/2017**

**James Laurenceson**

**Sydney Morning Herald**

Sometimes Australia can slip into panic mode when confronted by China's rapid rise. Australian universities are now the centre of attention. They increasingly employ Chinese citizens and Chinese-Australians as researchers, and nearly 40 per cent of the fee-paying, international students they host are also from China.

The most recent claim is that Australian universities are collaborating with top military technology universities in China to the benefit of the People's Liberation Army, and to the detriment of our security ally, the United States.

These are serious allegations that deserve an airing and further investigation. At the same time, what is the evidence being offered? A swath of scientific papers co-authored by researchers who had worked or studied at Australian and Chinese institutions, many published in leading peer-reviewed, English-language academic journals.

*Read more:*

<http://www.smh.com.au/comment/the-risk-we-take-when-we-panic-about-chinas-rise-20171101-gzckd5.html>

## 16. An Indo-Pacific quad is the right response to Beijing

**08/11/2017**

**Rory Medcalf**

**Australian Financial Review**

Whatever the political confusion at home, Prime Minister Malcolm Turnbull will today fly into Asian summit season with a chart for Australia to navigate a troubled region.

Through word and deed, the government is defining a policy to manage uncertainties about China and America by embedding these relationships in a larger Indo-Pacific region that suits our interests and geography.

Hints have been dropped in the Prime Minister's recent words in Perth and his speech at the Shangri-La security dialogue in Singapore in June – an enduring statement of what Australia stands for – as well as in strong remarks by Foreign Minister Julie Bishop.

In short, Australia is serving itself as a country that values a regional and global system in which might is not right and in which the interests of all nations are acknowledged.

*Read more (Paywall):*

<http://www.afr.com/opinion/columnists/an-indopacific-quad-is-the-right-response-to-beijing-20171108-gzh3c7?btis>

## 17. A reborn quadrilateral to deter China

**09/11/2017**

**John Hemmings**  
**The Interpreter**

Recent news that Australia's Foreign Minister has indicated interest in taking part in a resurrected US-Australia-Japan-India quadrilateral dialogue on the sidelines of the upcoming ASEAN Summit is to be welcomed. It is an indication how much the strategic situation in the Asia Pacific has shifted. Positive as this latest development might be, it should nonetheless be regarded with caution.

The 'Quadrilateral' was never an alliance. It was a loose geostrategic alignment of states concerned with China's potential challenge to their interests, but simultaneously, unwilling to provoke China by assuming the obligatory mechanisms of an alliance. Even then it buckled under pressure. Accused of being a NATO-in-the-making, it was far too full of self-doubt to be effective.

Chinese diplomatic opposition to the forum was keenly felt in June 2007 after Beijing issued demarches to all four countries, but Canberra's asymmetric economic dependence meant that Australia felt it more than most. Within months of winning the election in 2007, Kevin Rudd's Foreign Minister Stephen Smith unilaterally withdrew Australia from the quadrilateral during a February 2008 meeting with China's Foreign Minister Yang Jiechi. While Australia was not the only country suffering internal divisions about the issue – there were doubters among the senior-most levels of the US Department of State and the Indian Ministry of External Affairs – it was the first to break ranks.

*Read more:*

<https://www.lowyinstitute.org/the-interpreter/reborn-quadrilateral-deter-china>

## 18. Unlocking the Chinese cross-border opportunity on Singles' Day and beyond

**10/11/2017**

**Mac Wang**  
**The Australian**

Once a small celebration of singledom among university students, China's annual Singles' Day on 11 November is now the world's biggest shopping day of the year. In 2016, the 24-hour shopping festival brought in more than AU\$23

billion in sales, up 32 per cent from 2015. And Australian businesses were among the top retailers cashing in, with Australia ranked the fourth highest selling country last year.

Selling to China is a huge opportunity for Australian businesses on Singles' Day and across the calendar year. Not only are Chinese consumers increasingly shopping abroad, they spent US\$750 billion online last year, much of which is increasingly consumers buying goods and services from businesses overseas and from those travelling or studying abroad. China is also Australia's leading export market and our largest source of international students and tourism. In total, cross-border commerce is expected to grow to AU\$190 billion by 2020.

Technology, policy developments like the China-Australia Free Trade agreement, and the emergence of e-commerce enablers have all made it easier to sell to customers overseas. Yet China remains one of the world's most complicated markets. So before you get started, it's worth understanding the cultural differences and challenges of navigating China's unique internet ecosystem.

*Read more (Paywall):*

<http://www.theaustralian.com.au/business/technology/opinion/unlocking-the-chinese-crossborder-opportunity-on-singles-day-and-beyond/news-story/d23117dfb07cd5b523cc7a7f5f66b55e>

## 19. China's growth to ease as focus turns to reform: Westpac's Cheung

**10/11/2017**

**David Rogers**

**The Australian**

The extent to which China is prepared to sacrifice economic growth for deleveraging and reform in the year ahead remains a key question for investors but Frances Cheung sees reasons for optimism.

Westpac's head of macro strategy for Asia says the recent National Congress reinforced the idea that China is now focusing on the quality of its economic growth, rather than growth for growth sake, with financial deleveraging and economic reform remaining high priorities.

After accelerating to an estimated 6.8 per cent pace in 2017 — thanks to a record fiscal stimulus in early 2016 — China's official economic growth rate is expected

to slow to 6.2 per cent in 2018 and maybe 5.9 per cent in 2019, but 6 per cent is "the potential line in the sand for authorities".

With 2017 growth coming in above expectations and the focus shifting to the quality of growth and financial stability, China's authorities won't look to increase the pipeline of investment or allow the housing market to start a new growth cycle unless growth deteriorates materially below 6 per cent.

*Read more:*

<http://www.theaustralian.com.au/business/opinion/david-rogers-exchange/chinas-growth-to-ease-as-focus-turns-to-reform-westpacs-cheung/news-story/ba4cbee5aa5640f14664a8d8af618505>

## 20. Trump says with China he can solve all of the world's problems

**10/11/2017**

**Kirsty Needham**

**Sydney Morning Herald**

Donald Trump says his "great chemistry" with Chinese president Xi Jinping will lead to the two men solving "world problems of great danger".

"I believe we can solve almost all of them, and probably all of them," Mr Trump said on Thursday.

He also said previous American administrations, not China, were to blame for the "very unfair" trade imbalance between China and the US.

After an official welcome with a military parade on Tiananmen Square and a meeting with Mr Trump to discuss North Korea and trade, Mr Xi said the two men had reached "many common understandings".

Of interest to Australia, where foreign policy is being re-examined amid fear of potential conflict between China, Australia's biggest trading partner, and the US, its traditional security backer, Mr Xi said he and Mr Trump had agreed that "China and the US are the key influence countries in the Asia Pacific.

*Read more:*

<http://www.smh.com.au/world/trump-says-with-china-he-can-solve-all-of-the-worlds-problems-20171109-gzhz61.html>