

Media Roundup Issue 80 (13/07/18 – 20/07/18)

1. 'China will challenge US naval supremacy within a year'

14/07/18

Peter Hartcher

Sydney Morning Herald

China's biggest challenge to the supremacy of the US Navy will come within the year, a well regarded Australian strategic analyst predicted in Washington this week.

It will come in the form of the announcement that China's armed forces will hold exercises in the international waters of the South China Sea and that, to protect public safety, it will close the air and sea space in the area, he said.

Even though this would be presented as a temporary measure - a few days, perhaps a week - it would be the end of freedom of navigation and overflight if it went unchallenged.

Read more: <https://www.smh.com.au/national/china-will-challenge-us-naval-supremacy-within-a-year-20180712-p4zr6e.html>

2. How Australia read China better than the Americans did

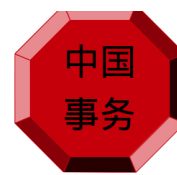
15/07/18

Geoff Raby (China Matters Associate)

Australian Financial Review

Imagine if Jiang Qing, "Madam Mao", and her cohorts in the Gang of Four, had prevailed on the evening of October 6, 1976 and not been arrested. Imagine that Deng Xiaoping was never rehabilitated and died in relative obscurity in exile from Beijing. Or if transitional leader Hua Guofeng had proved, as Joseph Stalin did some 45 years earlier, to be a strong decisive leader rather than a safe pair of hands that would not rock the boat. These were all real choices. Arguably, the rehabilitation of Deng was the least likely on that fateful evening.

Could it really be that global history is shaped by such chance events? Perhaps. But without Deng's rehabilitation, the overthrow of the Gang of Four and later Hua's removal, it is fair to say that China most probably would not have had the



economic reform policies that were launched at the 3rd Plenum of the 11th Central Committee 40 years ago.

Read more (Paywall): <https://www.afr.com/news/world/asia/how-australia-read-china-better-than-the-americans-did-20180715-h12p67>

3. Trade war masks a bigger problem in China's slowing economy

15/07/18

Stephen Letts

ABC News

Being caught in the cross-hairs of a \$400 billion trade bazooka with the world's biggest economy's finger on the trigger is not a comfortable place to be, but it is probably not China's biggest concern right now.

The bigger worry is its economy is slowing more quickly than expected at the same time Chinese authorities are trying to remove mountains of debt built in the financial system.

If it is a problem for China's economy, it is a problem for the global economy in general and Australia's economy in particular.

A batch of figures released late last week highlights the concerns.

Read more: <http://www.abc.net.au/news/2018-07-15/trade-war-masks-a-bigger-problem-with-chinas-slowing-economy/9990334>

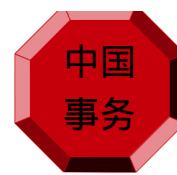
4. Deng's China: How Australia nearly missed the biggest economic story of all time

15/07/18

Angus Griff and Lisa Murray

Australian Financial Review

The bureaucrats were sceptical. Eighteen months after China's paramount leader Deng Xiaoping declared his ruined country would shift its focus from political campaigns to economic development, Australia's Department of Foreign Affairs passed judgment.



In a cabinet submission for the Fraser government, the authors were unconvinced by [Deng's promise in December 1978 to reform and open up China's economy](#).

"Dramatic developments are not foreseen," the bureaucrats wrote. "China is weak in economic terms, vulnerable in military terms and faces some continuing problems in political and economic management." While the bureaucrats noted Beijing's growing and prospective trade relations with the region, they could hardly have been less excited by Deng's reform agenda and its likely effect on Australia.

Read more (Paywall): <https://www.afr.com/news/world/asia/dengs-china-how-australia-nearly-missed-the-biggest-economic-story-of-all-time-20180713-h12n4q>

5. China looks set to dictate what direction the Australian dollar will move today

16/07/18

David Scutt

Business Insider

The Australian dollar has opened the new trading week on the back foot, giving back some of the gains achieved late on Friday.

After climbing earlier in the day, the Aussie fell across the board in European trade following the release of soft Chinese monetary growth data for June, creating renewed concern about a slowdown in the Chinese economy.

Given the busy Chinese economic calendar, the movements in the Chinese yuan will likely prove influential on the Aussie dollar, maintaining the theme seen over the past month.

Outside of Asia, other data highlights today include retail sales, business inventories and Empire State manufacturing index from the United States along with trade figures from the Eurozone.

Read more: <https://www.businessinsider.com.au/fx-currency-australia-dollar-aud-china-gdp-2018-7>

6. The shadow over China's growth



16/07/18

Robert Guy

Australian Financial Review

China is learning just how hard it can be to break an addiction.

Cheap and easy debt has long been Beijing's drug of choice to ease the pain whenever the economic going got too tough to handle. An interest cut here, a lowering of bank reserves there, coupled with a big dose of infrastructure spending was good enough to deliver a long-lasting buzz to economic growth.

But Beijing, we're led to believe, has found religion. Deleveraging has become an article of faith for officials trying to engineer a more normal pace of growth and bring the shadow banking sector to heel after the debt-fuelled, pell-mell boom seen after the global financial crisis.

Read more (Paywall): <https://www.afr.com/markets/the-shadow-over-chinas-growth-20180716-h12qiz>

7. Diplomatic power takes a dive as focus turns to China

16/07/18

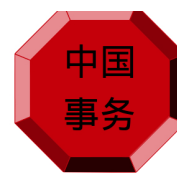
Primrose Riordan

The Australian

Canberra has slipped dramatically in a new international diplomatic ranking after the foreign affairs department set up a division and research branch to report on Australia's soft power efforts by early next year.

The Australian government has become increasingly concerned about Chinese diplomatic efforts in Asia and the Pacific. The US, Australia's main security and diplomatic partner, also slipped in the ranking.

The internationally recognised "Soft Power 30" index — by the University of Southern California and think tank Portland Communications — found Australia has fallen from sixth to 10th since 2015, citing the dual citizenship crisis and Malcolm Turnbull's "ideas boom" as contributing to the decline.



Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/diplomatic-power-takes-a-dive-as-focus-turns-to-china/news-story/826ee9f9565a27bd0e488799b8416a3e>

8. Intercepted people smuggler boat carrying Chinese 'not unusual'

16/07/18

Primrose Riordan

The Australian

Peter Dutton said it was “not unusual” for Chinese asylum-seekers to attempt to come to Australia with the help of people smugglers after he confirmed a boat with seven Chinese nationals and three Indonesian crew on board was intercepted off Australia’s north.

Last year six Chinese nationals and an alleged Papua-New Guinean people smuggler reached Saibai Island in the Torres Strait — which is Australian territory — on August 20. The men were then deported back to China, while the Papua New Guinean man faced a Queensland court.

Mr Dutton argued the latest incident in mid-June should remind Australians people smugglers were still active in the region.

Read more (Paywall): <https://www.theaustralian.com.au/news/nation/intercepted-people-smuggler-boat-carrying-chinese-not-unsual/news-story/eb9cc5999b564b7498cc727bdd54faf7>

9. Chinese spy ship observes Japan, US, Australia 'sinking' old warship

16/07/18

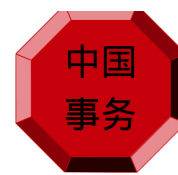
Jamie Seidel

News.com.au

AUSTRALIA just helped sink a major warship. And the Chinese — who had been ‘disinvited’ shortly before a new round of war games kicked off, were watching.

It was the spectacle of the show: a series of missiles and torpedoes slammed into what was once a major ship of war — an assault ship designed to deploy tanks and troops on the front line.

Missile thrusters roared. Contrails streaked through the skies above.



They had been launched from Japanese and US trucks parked on Hawaii testing grounds.

Their target, the ex USS Racine, lay in the water some 100km to the north.

Read more: <https://www.news.com.au/technology/innovation/military/chinese-spy-ship-observes-japan-us-australia-sinking-old-warship/news-story/77bbc55abadee199e3bfe9e375327b9b>

10. 'Predatory habits': US to ask Australia to help counter China

16/07/18

Peter Hartcher

Sydney Morning Herald

Washington: The Trump administration will next week talk to Australia on stepping up efforts to counter China's grab for international sea lanes and its "pernicious meddling" in the small countries of the South Pacific.

The Pentagon's top Asia official, Randy Schriver, said that the US expected Beijing's armed forces to show "a little more assertiveness" in claiming ownership of the entire South China Sea, which includes the world's major commercial artery.

The US was weighing further measures to impose "costs" on China for militarising the artificial islands it built in the South China Sea, he told Fairfax Media in an interview in Washington. "I expect there will be more" costs he said, while declining to be any more specific.

Read more: <https://www.smh.com.au/world/north-america/predatory-habits-us-to-ask-australia-to-help-counter-china-20180716-p4zrqg.html>

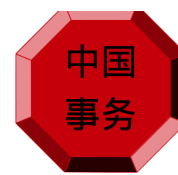
11. Take Belt and Road for a spin, Australia urged

17/07/18

Glenda Korporaal

The Australian

Australia should leverage its investment in the Asian Infrastructure Investment Bank to participate in major Chinese-backed infrastructure projects in the Asia



Each week China Matters collates news items about the Australia-China relationship

Pacific region, according to a new report for the Australia-China Relations Institute at the University of Technology Sydney.

The report, prepared by US Asia Centre head of research Jeffrey Wilson, for a conference in Sydney this morning, argues Australia needs to develop a coherent policy on its involvement in Chinese led infrastructure projects in the Asia Pacific region.

It points out that Australia should be prepared to become more involved in the development of major infrastructure projects in the Asia Pacific region. It says China's Belt and Road policy and the Beijing-based AIIB are linked with projects that will directly add \$US140 billion (\$189bn) to the pool of much-needed investment in regional infrastructure.

Read more (Paywall): <https://www.theaustralian.com.au/business/take-belt-and-road-for-a-spin/news-story/4a1bd39e4034893741bce2c070af48b9>

12. Regional security concerns over China's warship gift to Fiji

17/07/18

Primrose Riordan
The Australian

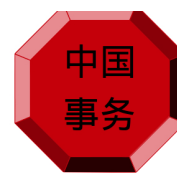
China has donated a new "surveillance and hydrographic" vessel to Fiji's navy at the same time as the island nation received a refitted Australian patrol boat.

The announcement reported by *The Fiji Sun* comes after a number of incidents where Australian navy ships have been spied on by Chinese navy ships.

China sent scientific surveillance ship Yuanwang 7 to Fiji the same day the Australian navy's HMAS Adelaide was in Suva as part of the Indo-Pacific Endeavour exercise.

Last year, a Chinese naval intelligence-gathering ship was seen monitoring the bilateral US-Australia Exercise Talisman Sabre.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/foreign-affairs/regional-security-concerns-over-chinaas-warship-gift-to-fiji/news-story/849d9ca350099f892debdd619ccc6619>



13. Disgraced MP held Parliament press conference to promote Chinese propaganda on Tibet

18/07/18

Kirsty Needham

Sydney Morning Herald

Beijing: Disgraced Wagga Wagga MP Daryl Maguire hosted a press conference inside NSW Parliament with a key United Front official from China to promote propaganda on Tibet.

[Mr Maguire has refused to resign from Parliament](#), but has left the NSW Liberal party, after [an ICAC hearing exposed his attempts to broker property deals](#) for a major Chinese property developer and seek commissions.

Mr Maguire told ICAC he was first approached by Chinese property developer Country Garden for help with "opportunities" at an event held by a Chinese charitable organisation, adding, "Whenever you went to a function there were always conversations."

Read more: <https://www.smh.com.au/politics/nsw/daryl-maguire-held-parliament-press-conference-to-promote-chinese-propaganda-on-tibet-20180717-p4zrxo.html>

14. Belt and Road opportunities cannot be ignored

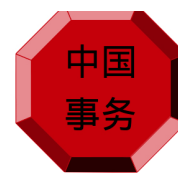
18/07/18

Glenda Korporaal

The Australian

While the federal government has been cool on China's Belt and Road Initiative, the opportunities presented by the Beijing-driven infrastructure push — estimated by some analysts to be worth \$1.2 trillion — have been debated in two different forums in Australia in the past week.

Last week saw the Australia China Business Council-sponsored conference on BRI in Darwin, attended by officials from China as well as Northern Territory Chief Minister Michael Gunner and China's Ambassador to Australia, Cheng Jingye. The enthusiasm of the NT government for the conference confirmed that some state governments, particularly Victoria, Western Australia and Northern Territory, were still actively welcoming Chinese investment at a time when Canberra was cooling on the idea.



Yesterday, the Australia China Relations Institute at Sydney's UTS held its own seminar on the implications of BRI, sponsored by global services firm Deloitte.

Read more (Paywall): <https://www.theaustralian.com.au/business/belt-and-road-initiative-opportunities-cannot-be-ignored/news-story/123320f3f878f9495d13514c1f16050c>

15. AUSMIN summit to discuss Australia's role in South China Sea

18/07/18

Paul Maley

The Australian

China's militarisation of the South China Sea will be a key topic at next week's AUSMIN summit, but the government is declining to say whether Australia will play a greater role in asserting freedom of navigation through the disputed waterways.

Defence Minister Marise Payne offered a spirited defence of Australia's role in ensuring free movement through the shipping channels of the South China Sea, which for the past five years have been the site of a steady build-up of military assets by Beijing.

Ms Payne declined to say whether Australia would cede to a long-held US desire that Australia take a more forward stance by conducting freedom-of-navigation exercises within 12 nautical miles of disputed territories claimed by China as its own. She defended Australia as a "very strong partner" in the region.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/defence/ausmin-summit-to-discuss-australias-role-in-south-china-sea/news-story/8097d03aa6488773c4f73c21c2dbba83>

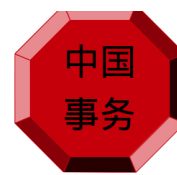
16. Former PM Kevin Rudd's danger scenario is a currency war

18/07/18

Lisa Murray

Australian Financial Review

Former prime minister Kevin Rudd has warned the trade dispute between the United States and China could escalate into a currency war as Beijing comes under pressure to respond to President Donald Trump's aggressive posturing.



Mr Rudd laid out the "danger scenario" at an Asia Society event on Wednesday and said it could follow the Trump administration's decision to impose wide-ranging tariffs on Chinese goods.

Read more (Paywall): <https://www.afr.com/news/policy/foreign-affairs/former-pm-kevin-rudds-danger-scenario-is-a-currency-war-20180718-h12tme?logout=true>

17. Labor's Penny Wong says world 'rethinking how best to work with the US'

18/07/18
Paul Karp
The Guardian

Labor's shadow foreign affairs minister, [Penny Wong](#), says the world is "rethinking how best to work with the US" and Australia should follow the lead of the US and New Zealand by stepping up its investment in the Pacific as China increases its assertiveness in the region.

Wong made the remarks in a speech to the US Studies Centre on Wednesday warning that the rise of China and the policies of the Trump administration meant there was "more competition and less cooperation" in our region.

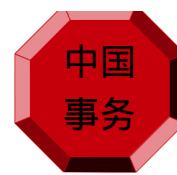
Wong, who has just returned from Washington DC, noted the "compelling" events of the past few days including Trump criticising Nato for not spending enough on defence, his "mixed messages" in Britain and his summit with the Russian president, Vladimir Putin.

Read more: <https://www.theguardian.com/australia-news/2018/jul/18/labors-penny-wong-says-world-rethinking-how-best-to-work-with-the-us>

18. Australia is wrong, we are friends to the Pacific says China

19/07/18
Kirsty Needham
Sydney Morning Herald

Beijing: China has said Australian politicians are "wrong" to fear its investments in the Pacific, saying Pacific Islands require large amounts of capital to "take off" economically, and that its aid program is a response to "urgent needs".



Responding to Australian government criticism that Chinese aid risked creating unsustainable debt burdens for the Pacific, China's foreign ministry has challenged Australian officials to "name one example with specific details as to where, when and how China caused unsustainable debt?"

On Wednesday, Labor's foreign affairs spokeswoman Penny Wong proposed Australia should set up a regional infrastructure fund to assist Pacific nations who face a "particularly acute" infrastructure deficit, and said she expected the US to adopt a similar policy.

Read more: <https://www.smh.com.au/world/asia/australia-is-wrong-we-are-friends-to-the-pacific-says-china-20180719-p4zsf2.html>

19. Business, culture and now politics: China's growing influence on Australian life

19/07/18

Bernard Lagan
The Times

Within [Australian](#) political folklore the brick and tile houses of Bennelong, a suburban electorate in Sydney's north west, occupy a conspicuous space. Named after an Aboriginal warrior, the seat was held by Australia's second longest-serving prime minister, John Howard, for 33 years until 2007, when voters not only threw out his government but also Mr Howard.

He was not unsympathetic to those wanting to slow Asian migration, yet Bennelong was, by the time of his removal, well on the way to becoming more Chinese than any of the 150 parliamentary seats. Today nearly 20 per cent of Bennelong's 200,000 residents are Chinese-born or children of a Chinese migrant, a concentration far beyond the national figure of just over 2 per cent.

Read more (Paywall): <https://www.thetimes.co.uk/article/business-culture-and-now-politics-china-s-growing-influence-on-australian-life-llg3x8lz7>

20. Property: the Chinese are back

20/07/18

Robert Gottlieb
The Australian



Each week China Matters collates news items about the Australia-China relationship

The credit squeeze being imposed by the Australian banks and the surprising changes in China are rewriting the rules in the Australian dwelling market — particularly in Sydney and Melbourne.

Suddenly the Chinese are back as investors, albeit on a much smaller scale. Outer Sydney home building rates have been slashed and the outer suburban Melbourne and Sydney land boom is looking very shaky.

A year ago the Chinese were having incredible trouble finding the money to settle apartments bought off the plan two or three years earlier. In Sydney Harry Triguboff's Meriton advanced them money to settle and in Melbourne non-bank financing helped while sometimes the Chinese were given extended credit by developers.

Read more (Paywall): <https://www.theaustralian.com.au/business/opinion/robert-gottliebsen/property-the-chinese-are-back/news-story/579f3935a7f1c96005394b3c677393c5>