

## Media Roundup Issue 78 (30/06/18 – 06/07/18)

### 1. Where is Chinese governance headed?

**01/07/18**

**Zha Daojiong**

**East Asia Forum**

*Although not explicitly about the Australia-China relationship, this article sheds light on the rationale behind reforms to the Chinese political system, which aim to achieve a number of goals that have been identified as priorities.*

In March 2018, China's constitutional amendments made headlines around the world. Among other things, the amendments removed the two-term limit on China's presidency. By and large, the mood outside of China is one of serious questioning. How did the West get China so wrong in expecting the Chinese political system to progress Western-style, with term limits being a norm?

One explanation for the pessimism about Chinese governance is the recent return to polemics reminiscent of the earlier years of political reform. For example, the notion of a 'core leader' — de-emphasised during the years of Hu Jintao's presidency — implies a reduced stress on consultation among different levels of the Chinese Communist Party (CCP) as a mechanism for decision-making.

Another example is the inclusion of a leader's personal name in a political doctrine ('Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era'), enshrined in the party charter and the state constitution. It is only the second time (after Mao Zedong Thought) that this has happened.

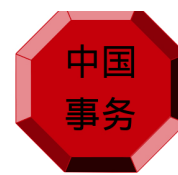
Read more: <http://www.eastasiaforum.org/2018/07/01/where-is-chinese-governance-headed/>

### 2. ASIO and DFAT chiefs warn Australian companies about China trade wars

**02/07/18**

**Lisa Murray and Angus Grigg**

**Australian Financial Review**



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

Australia's spy chief and top diplomat have warned major Australian boards about the possibility of further trade disruption and cyber attacks from China, in an effort to help the business community better understand the Turnbull government's tough line on Beijing.

The briefings by Duncan Lewis, director general of the Australian Security Intelligence Organisation (ASIO) and Frances Adamson, secretary of the Department of Foreign Affairs and Trade, have been conducted in recent months with companies that have major trade exposure to China, according to two sources.

"They [Mr Lewis and Ms Adamson] expressed the strong opinion the trade issues were going to continue," said one person present during a briefing. The message was don't be put off by this but be mindful of the sensitive and complex security environment."

*Read more (Paywall): <https://www.afr.com/news/politics/national/australias-top-spy-and-top-diplomat-warn-boards-on-china-20180702-h125f7>*

### 3. Brace for China's perfect storm

**02/07/18**

**Robert Gottlieb**

**The Australian**

There are few developed countries as closely linked to China as Australia. That's why Australians need to understand why the Shanghai index fell more than 20 per cent before a minor 2 per cent recovery late last week.

Australians have always assumed that if the Chinese economy hits stormy waters then the strong administration in Beijing will pull all the required levers to cause the economy to resume its upward path.

And so, in our local budget estimates, Treasury forecast a fall in China's growth rate from the 6.8 per cent peak rate but assumed that growth would stay above 6 per cent in coming years.

That may well prove correct but the Chinese administration's task this time around is made more complex because China is being hit with a perfect storm of forces which began to emerge well before US tariffs and other clamps were announced.



Read more (Paywall): <https://www.theaustralian.com.au/business/opinion/robert-gottliebsen/brace-for-chinas-perfect-storm/news-story/8051697d3ca3435711b9a12a389c5a0d>

#### 4. China-US struggle is damaging Australia, former trade minister Andrew Robb warns

**03/07/18**

**Andrew Greene**

**ABC News**

Former trade minister Andrew Robb has warned American efforts to contain China's rise are "futile" and "counterproductive".

The long-serving Liberal MP, who accepted a lucrative consultancy with Chinese-owned company Landbridge just after leaving Parliament in 2016, says Australia should exercise its influence independently of both rival superpowers.

Speaking at the Mineral Council of Australia's (MCA) annual dinner last night, Mr Robb said both China and India were re-emerging as major players in Asia and would "share" power with the US over the course of this century.

"Unfortunately, the United States appears yet to accept this inevitability, with both sides of the political aisle in Washington endlessly focusing on 'containment' of China — a futile and counterproductive approach in my view," Mr Robb said.

Read more: <http://www.abc.net.au/news/2018-07-03/china-us-struggle-is-damaging-australia-andrew-robb-warns/9933780>

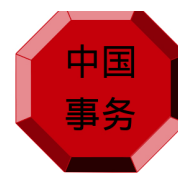
#### 5. Diplomatic row 'partly' Beijing's fault, says top envoy

**03/07/18**

**Primrose Riordan**

**The Australian**

One of Australia's highest-ranking diplomats in Beijing has criticised China as being partly responsible for the country's worsening relationship with Canberra in an off-the-record speech to Chinese academics.



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

Gerald Thomson, deputy head of mission at the embassy in Beijing, also took a shot at anti-China rhetoric from Australia, describing the messaging as “poor”.

The comments emerged amid pressure from business leaders for Australia to accept China’s more powerful position in Asia rather than join the US to balance the communist nation’s power — a move with which Beijing has a fundamental problem.

Former trade minister Andrew Robb, now a consultant for -Chinese company Landbridge, warned yesterday that Australia needed to support greater power sharing in the region between the US and China in order not to miss out on China’s resources demand.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/foreign-affairs/diplomatic-row-partly-beijings-fault-says-top-envoy/news-story/ad3402e42546a84eabfe8564ae5495d0>

## 6. Virgin Australia says it is important to respect China sensitivities

**03/07/18**

**Michael Smith**

**Australian Financial Review**

Virgin Australia chief executive John Borghetti says it is important for Australia to respect China's "sensitivities" when managing its relationship with the country's largest trading partner as he outlined plans to further expand the airline's international routes in Asia.

Asked to comment on diplomatic tensions between Australia and China, Mr Borghetti said: "It is important that people are respectful of each others sensitivities and are cognisant of the fact that we are interdependent."

"From what I see, we have to be conscious that as a country and as a business we bear in mind the sensitivities of others. We are in this together," Mr Borghetti told *The Australian Financial Review*.

"China is a huge opportunity for tourism in Australia and it leads to jobs and infrastructure."

Read more (Paywall): <https://www.afr.com/business/transport/aviation/virgin-australia-says-it-is-important-to-respect-china-sensitivities-20180703-h126p6>



## 7. Penfolds fires up a Barossa shiraz for China market

**04/07/18**

**Eli Greenblat**  
**The Australian**

Penfolds, the nation's most revered wine label, is feeling the pull of China from the winemaker's spiritual home in South Australia and will produce a premium fortified Barossa shiraz enlivened with baijiu, a fiery Chinese rice alcohol, that will be squarely pitched at Chinese consumers.

Along with a new Penfolds wine from California's Napa Valley and a pot-distilled 28-year-old single batch brandy, Penfolds yesterday unveiled the biggest -revamp of its branding in its near 175-year history that will see it spread its wings from the Barossa Valley to California and Shanghai.

Penfolds, which sits comfortably and confidently with luxury brands such as Rolex, Porsche, Gucci and Dom Perignon, has embarked on a bold — and some purists would argue risky — gambit to update its range of wines -beyond its annual release of red and white favourites that include the divine Grange.

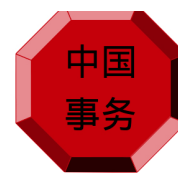
Read more (Paywall): <https://www.theaustralian.com.au/life/food-wine/penfolds-fires-up-a-barossa-shiraz-for-china-market/news-story/005b407e22ef433d740964830217f5cf>

## 8. Australia and the Quad

**05/07/18**

**Ramesh Thakur**  
**The Strategist**

On 18 January, admirals from Australia, India, Japan and the US sat together on stage at the high-profile Raisina Dialogue in New Delhi. Their presence reflected the shared strategic assessment that China has become a disruptive force in the Indo-Pacific. Taking time out to deliver a lecture at India's National Defence College, Australian Defence Industry Minister Christopher Pyne echoed remarks by Indian PM Narendra Modi to the Australian Parliament in 2014, affirming that India had shifted from the periphery to the centre of Canberra's strategic frame.



Yet on 30 April, the *Australian* reported that Australia had failed in its push to secure an invitation to join Japan and the US in the annual Malabar exercises with the Indian Navy. The explanation provided was that New Delhi didn't want to offend China ahead of the informal summit between Modi and Xi Jinping in Wuhan on 27–28 April. That's misleading. India's naval exercises with Japan and the US are a strategic challenge for China; Australia would add only modest capabilities.

There's a threefold basis to India's reluctance to invite Australia back into the Quad: the shadow of a previous abandonment of the Quad by Australia; an imbalance in the depth of bilateral relations with Australia compared with those with Japan and the US; and consideration of China's sensitivity. The last is especially important because of perceptions about Australia's seeming instinct for perpetual war and the Turnbull government's turn to an anti-China posture over the past 18 months.

Read more: <https://www.aspistrategist.org.au/australia-and-the-quad/>

## 9. Outgoing Defence Chief: China has breached its neighbours' trust

**05/07/18**

**David Wroe**

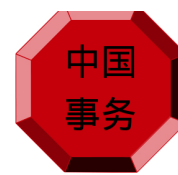
**Sydney Morning Herald**

Defence chief Mark Binskin says Beijing's broken promise not to militarise the South China Sea means it has squandered the trust of its neighbours and undermined its aspirations to regional leadership.

In his final interview before he hands over command of the 80,000-strong Australian Defence Force, Air Chief Marshal Binskin also urged countries such as China that are moving into the South Pacific: "Don't destabilise the region."

The candid set of remarks by the top military commander follow a four-year stint at the helm during which Beijing has settled into a more forceful posture towards the region and strategic scholars overwhelmingly feel global stability has deteriorated.

Asked about China's trajectory since he took over in 2014, Air Chief Marshal Binskin agreed "it has changed" and cited the "very, very concerning" militarisation of features as well as "the influence of some nations starting to come down into the south west Pacific".



Chinese President Xi Jinping said during a 2015 visit to Washington that his country had “no intention to militarise” the artificial islands it had built in the strategically important South China Sea.

Read more: <https://www.smh.com.au/politics/federal/outgoing-defence-chief-china-has-breached-its-neighbours-trust-20180705-p4zpow.html>

## 10. Australian former mining executive released from Chinese prison

**05/07/18**

**SBS**

Stern Hu, the former head of Rio Tinto's China iron ore business, has been released from a Shanghai prison, after serving eight years in jail following a 2010 conviction for corruption and stealing commercial secrets.

Hu, an Australian citizen, was originally sentenced to 10 years in jail as tension flared between China, the world's top user of iron ore, and its biggest supplier, Australia.

Fired by Rio in the aftermath, Hu is expected to return to Australia just as relations between the two countries cool to a fresh chill.

Chinese foreign ministry spokesman Lu Kang told a daily news briefing in Beijing that Hu had been released on Wednesday.

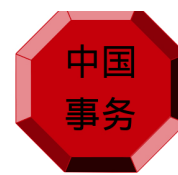
"While serving his sentence, Hu Shitai complied with prison regulations and discipline and submitted himself to education," Lu said, using Hu's Chinese name. "The Chinese justice organs reduced his sentence in accordance with the law."

Read more: <https://www.sbs.com.au/news/australian-former-mining-executive-released-from-chinese-prison>

## 11. Bellamy's falls on China delay fears

**05/07/18**

**SBS**



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

Shares in Bellamy's Australia have hit their lowest level since January after Goldman Sachs revised down earnings expectations for the infant formula maker on worries about feared regulatory delays in China.

Bellamy's shares ended Thursday almost 10 per cent lower at \$12.77 after Goldman Sachs analysts said tougher competition, and expected delays in regulatory approval for the company's China-labelled product could have an impact on earnings out to 2020.

Goldman Sachs said delays in the rollout of new, higher-margin products, meaning they won't be sold until the second half of financial year 2019, would affect earnings.

The analysts said industry sources had suggested new regulatory approval could be delayed because of a change in the formulation of Bellamy's new product and the merger of regulator the China Food and Drug Administration with other departments. They also mentioned recent diplomatic tensions between Australia and China as a possible source of delay.

Read more: <https://www.sbs.com.au/news/bellamy-s-falls-on-china-delay-fears>

## 12. The campaign against Huawei

**06/07/18**

**Greg Austin**

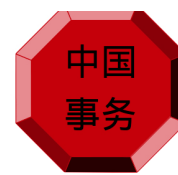
**The Strategist**

The case against Huawei's participation in bidding for the 5G network in Australia appears to be based on incomplete information, at least as far as the public record allows us to judge.

For a full picture, there are several fields of knowledge we need to understand and reconcile: espionage, computer science, information and communications technology, cyber security, business studies, foreign policy, China studies, political science, international political economy, and globalisation. But there are also political perspectives and biases. The latter issue was rather brilliantly captured in a recent Norwegian study.

This study saw the Huawei challenge, the Snowden revelations about NSA, and the Volkswagen emissions-monitoring scandal as part of a common problem:





assurance of supply chain components in the information age. The study concluded that 'the problem [of supply chain assurance] should therefore receive considerably more attention from the research community as well as from decision makers than is currently the case'.

Read more: <https://www.aspistrategist.org.au/the-campaign-against-huawei/>

### 13. Pacific pact to strengthen regional security and counter China push

**06/07/18**

**Primrose Riordan  
The Australian**

Australian and New Zealand officials are set to seal a wide-ranging security agreement with Pacific Island nations that analysts say should be used to limit the -military involvement of non--signatories such as Russia and China in the region.

The agreement, covering defence, law and order, humanitarian assistance and disaster relief, is expected to be signed at the Pacific Islands Forum in September after senior officials from nations involved met last month.

International Development Minister Concetta Fierravanti-Wells said Australia had contributed views on regional security issues such as defence, police, and law and order co-operation, during the consultation process.

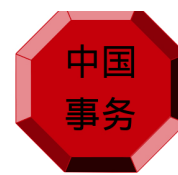
"A new Biketawa Plus regional security declaration will guide Pacific Islands Forum member countries, including Australia, and regional organisations on -Pacific priorities for security co--operation, and provide a framework for responding to emerging threats," Senator Fierravanti-Wells told The Australian.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/foreign-affairs/pacific-pact-to-strengthen-regional-security-and-counter-china-push/news-story/c656bf99bf66eec7372459d562c307e3>

### 14. Myths, misinformation plague Australia-China relationship

**06/07/18**

**Dan Wilkie  
Australia China Business Review**



Too much misunderstanding, too much imagination – that’s how one of Beijing’s top academics and international political commentators views the growing geopolitical rift between Australia and China.

With relations between the two countries becoming increasingly strained, Peking University Dean of International Studies Jia Qingguo said the debate needed to pivot to include more truth and more facts rather than myths and fabrications.

“It is a pity that it has blown up to the extent that it has,” Professor Jia told *Australia China Business Review*. “I don’t think China wants to interfere in another country’s internal affairs – it is China’s policy not to interfere in other countries’ affairs and to oppose other countries’ efforts to meddle in China’s internal affairs.

“The Chinese government probably feels particularly upset when the Australian media claim the Chinese government has a plan to influence Australian politics.

Read more: <https://www.acbr.com.au/myths-misinformation-plague-australia-china-relationship>