

Media Roundup Issue 85 (18/08/18 – 24/08/18)

1. Manipulation, Chinese style

22/08/18

Bilahari Kausikan

Nikkei Asian Review

Although not explicitly concerning Australia's relationship with China, this article sheds light on the rationale and methods of China's influence operations abroad with Singapore and Malaysia used as case studies.

International attention is focusing on China's influence operations, which use overt or covert means to persuade or suborn foreign decision-makers and opinion shapers to serve Beijing's interests.

All countries conduct such operations, but the unique aspect of Beijing's efforts stems from the intrinsic nature of the Chinese state and its triple identities as a normal sovereign state, a Leninist state and a civilizational state.

As a sovereign state, China never tires of emphasizing a key international principle: noninterference in the internal affairs of other countries. As a Leninist state, the role of the Communist Party is paramount and it uses the United Front -- a party-led umbrella organization which Mao Zedong described as the party's "magic weapon" -- at home and abroad to promote the party's interests.

As a civilizational state, representing millennia of Chinese culture, it believes ethnic Chinese living overseas should identify their interests with Beijing.

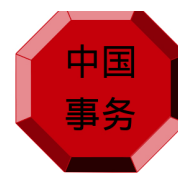
Read more: <https://asia.nikkei.com/Opinion/Manipulation-Chinese-style>

2. Australia has a ticket to the greatest show in Asia

20/08/18

Warwick Smith, Doug Ferguson and Philipp Ivanov

The Australian



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

China's return to global economic and strategic pre-eminence will be the defining story of the 21st century. Australia is perhaps one of the most striking case studies of China's growing global impact.

This impact is felt in almost all facets of our economy and society — from trade and investment flows to the social fabric of our community.

Australia's relationship with China requires a comprehensive, whole-of-country approach based on our national interests and unapologetically focused on our prosperity and security.

In this context, Prime Minister Malcolm Turnbull's recent UNSW speech on China has struck the right balance. It has been welcomed not only by Australian companies that export more than \$90 billion in products and services annually to China, but also by Chinese companies that have invested more than \$100bn in Australia's economy since 2008.

While some hailed the speech as a "reset" to the diplomatic relationship, which has been challenging in the past 12 months, we see his remarks as being entirely consistent with the Turnbull government's long-maintained position of welcoming and respecting China's rise, promoting rules-based international order and independently advancing Australia's national interest.

Read more (Paywall):

<https://www.theaustralian.com.au/business/opinion/australia-has-a-ticket-to-the-greatest-show-in-asia/news-story/883f411d4da351a6a02e657f8ae83079>

3. One Turnbull speech won't cover deep divisions on China

20/08/18

Geoff Raby (China Matters Associate)

Australian Financial Review

The Prime Minister's intervention two weeks ago to take charge of China policy and begin to set out a clearer framework for managing the relationship was much too late and probably too little, but it was a welcome start nonetheless.

For some time, commentators across the spectrum from think-tanks, academics, business and universities have been urging the PM to show leadership on the management of one of Australia's most important bilateral relationships, and to



arrest its downward spiral, and end the vilification of Chinese living or studying in Australia by a cabal of conservative commentators.

Most recently, Linda Jakobson and former Australian ambassador to China, and long-time China watcher, Stephen Fitzgerald, called on the Prime Minister to develop a "narrative" for managing the relationship.

It is telling that the Prime Minister chose to make his speech when his Foreign Minister was out of the country. Management of the relationship was just too important to be left to the Foreign Minister to carry and whose department has, on China policy, been marginalised by Canberra's security, defence and intelligence establishment.

Read more (Paywall): <https://www.afr.com/opinion/columnists/one-turnbull-speech-wont-cover-deep-divisions-on-china-20180820-h147ya>

4. Australia 'struggling' with new world order, former envoy says

20/08/18

Glenda Korporaal

The Australian

Australia is "struggling" to find its place in a new world order that is seeing a more assertive China and more isolationist US, former Australia ambassador to China Geoff Raby told Chinese TV.

"Australia is trying to find its position in this new world order between the security relationship with the US and its deep economic relationship with China," he said in an interview at the weekend with the China Global Television Network.

Asked the reason behind the current strains in Australia's relationship with China, Mr Raby said they had to be seen against the bigger picture of a changing world order. "That picture is really the rise of China ... China adopting a more assertive, more muscular policy and (the election of) President (Donald) Trump. A new global order. Australia has struggled to find its place in that order."

He said Australia's policy on China was "increasingly being run by intelligence, defence and security" advisers. "A lot of it has got to do with how the US has started to vacate regional leadership," he said.



"The defence, security and intelligence establishment is saying 'We have to fill a void'. We are struggling to find how to position ourselves in the new world order."

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/foreign-affairs/australia-struggling-with-new-world-order-former-envoy-says/news-story/16304f7c40b1924e8455de3c64827c0b>

5. China's online giant Alibaba's warning to laggard Australian retailers

21/08/18

Benedict Brook

The Advertiser

It's one of the fastest growing retailers in the country — working with well-known names from Chemist Warehouse to Woolworths and Kathmandu — yet most Australians have never heard of it.

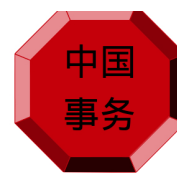
China's Alibaba, often compared to America's Amazon, has said Australia is now the firm's third largest overseas market.

That it has grown so much Down Under should be a wakeup call to laggard Australian retailers failing to keep pace with their customers, one of the firm's top local executives said. "When you look at retail experiences it's clear China is a long way ahead of Australia," said the company's Australian head of marketing James Hudson.

In its home market, Alibaba is rolling out vending machines that spit out cars, cash-free supermarkets where your shopping can beat you home and "magic mirrors" where you can virtually try on make-up. In Adelaide, shops still can't open on a weekend later than 5pm.

Read more (Paywall):

<https://www.adelaidenow.com.au/business/companies/chinas-online-giant-alibabas-warning-to-laggard-australian-retailers/news-story/f2ff115e6b71e46f5ea3c020e9232966>



6. Australia-China relations put on backburner

22/08/18

Glenda Korporaal

The Australian

Australia's political turbulence could hamper moves by the Turnbull government to improve ties with China. The recent speech by the Prime Minister to the University of New South Wales was seen as a key step forward in improving strained ties between Australia and China.

The carefully orchestrated move was welcomed by Beijing, which saw it as the beginning of an effort to reset relationship. There were also hopes that it could pave the way for a visit to China by Foreign Minister Julie Bishop, which in turn would pave the way for a visit to China by Malcolm Turnbull who has not been to the country for two years.

But yesterday's leadership vote and increasing instability in the leadership at home will mean Turnbull has to focus on shoring up his domestic base.

Read more (Paywall):

<https://www.theaustralian.com.au/business/opinion/australiachina-relations-put-on-backburner/news-story/dd0ffe9aec3a1e1ba4d923d8dacd21e8>

7. A2 Milk more than doubles profit as baby formula sales skyrocket in China and Australia

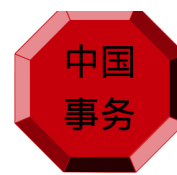
22/08/18

Stuart Marsh

Nine

An explosion in Chinese and Australian demand for New Zealand-made baby formula has helped the A2 Milk company more than double its full-year profit to \$NZD 195.7 million (\$177.9 million).

The milk company, which is listed on both the Australian and New Zealand share markets, boosted profit by 116 percent thanks to a 68 percent increase in revenue to \$NZD 922.7 million (\$841.66 million).



Sales of the company's A2 Platinum infant formula grew substantially in both Australia and China, recording a massive \$NZD 724.2 million (\$660.59 million) in sales revenue from one product.

Managing Director and CEO Jayne Hrdlicka said the A2 Milk Company had very deliberately targeted key markets for growth.

"Significant progress has been achieved in Australia, China and the USA and important emerging market opportunities are starting to materialise," said Hrdlicka.

Read more: <https://finance.nine.com.au/2018/08/22/12/50/aa2-milk-more-than-doubles-profit-as-baby-formula-sales-skyrocket-in-china-and-australia>

8. China gas, telco deals set to be blocked

23/08/18

Primrose Riordan

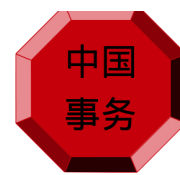
The Australian

A Dutton government would block any bid by China's -Huawei to build Australia's 5G network and a bid by Hong Kong's CK -Infrastructure Holdings for the country's gas pipelines, former Turnbull minister Concetta -Fierravanti-Wells has suggested.

The comments build on a number of policies raised by Peter Dutton and his supporters as they attempt to build support among Coalition MPs for their push to replace Malcolm Turnbull with the former home affairs minister.

Senator Fierravanti-Wells also took a parting shot at the Turnbull government's policies towards China, implying they had been -inconsistent. "There is a view that our position on China needs to be a lot clearer, a lot crisper and lot more definitive," she said, adding that this view was shared by other MPs in the party.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/china-gas-telco-deals-set-to-be-blocked/news-story/a6ac4ecce248cb2adfc933dddad112cd>



9. Government implies 5G China ban in new security advice

23/08/18

Tim Biggs

Sydney Morning Herald

The federal government has provided security guidance to telecommunication companies building next-generation 5G mobile infrastructure, laying out rules that implicitly block China-based companies from operating the networks.

While the statement does not single out any specific companies and does not name China, Huawei said via Twitter it had been informed new rules would preclude it from providing 5G technology to Australia.

It comes after strong concerns from government that companies such as Huawei and ZTE may be compelled by the Chinese government to compromise the security of 5G infrastructure in Australia.

"The Government considers that the involvement of vendors who are likely to be subject to extrajudicial directions from a foreign government that conflict with Australian law, may risk failure by the carrier to adequately protect a 5G network from unauthorised access or interference," the statement says.

Read more: <https://www.smh.com.au/technology/government-implies-5g-china-ban-in-new-security-advice-20180823-p4zz77.html>

10. Australian move on Huawei, ZTE, a new blow to ties with Beijing

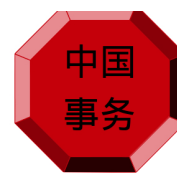
23/08/18

Glenda Korporaal

The Australian

The federal government's decision to effectively ban Chinese telecommunications companies, including telco giant Huawei, from supplying equipment to Australia's 5G network is another blow for Australia's relations with China.

While the Australian government did not specifically name Huawei or China's ZTE in its statement today, it makes it clear that the move is aimed at blocking companies which "are likely to be subject to extrajudicial directions from a foreign government that conflict with Australian law".



It says allowing these companies to supply telecommunications equipment to Australian companies “may pose an inordinate risk to a 5G network.”

Read more (Paywall): <https://www.theaustralian.com.au/business/opinion/australian-move-on-huawei-zte-a-new-blow-to-ties-with-beijing/news-story/45233fbe41e85c1f329c04734190dd8a>

11. Canberra risks China's ire by blocking Huawei

23/08/18

Jennifer Hewett

Australian Financial Review

The decision to block Huawei from the 5G network on national security grounds will immediately derail the federal government's attempt to reset relations with China after an extremely frosty year.

A joint statement from acting Home Affairs Minister Scott Morrison and the (now resigned) Communications Minister Mitch Fifield was careful not to mention China by name, saying the decision applied to all foreign carriers.

But the government's real target is clear – and will be interpreted just that way in Beijing.

"The government considers that the involvement of vendors who are likely to be subject to extrajudicial directions from a foreign government that conflict with Australian law may risk failure by the carrier to adequately protect a 5G network from unauthorised access or interference," it said.

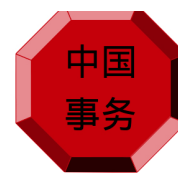
Read more (Paywall): <https://www.afr.com/opinion/columnists/canberra-risks-china-ire-by-blocking-huawei-20180823-h14cxj>

12. China lashes Australia saying it's 'gravely concerned' about Huawei decision

23/08/18

Kirsty Needham

Sydney Morning Herald



The Chinese government has reacted angrily to the Australian government's decision to bar Huawei from Australia's 5G network, saying it was "gravely concerned".

Chinese foreign ministry spokesman Lu Kang said Australia should drop its "discriminatory measures" and instead encourage cooperation between Australian and Chinese enterprises because it benefited Australian consumers.

"Instead of exploiting all kinds of excuses to create hurdles and taking discriminatory measures, we urge the Australian side to abandon ideological biases and create a sound environment" for competition, Mr Lu said.

The Chinese government was "gravely concerned about the statement issued by the Australian government."

Read more: <https://www.smh.com.au/business/companies/china-lashes-australia-saying-it-s-gravely-concerned-about-huawei-decision-20180823-p4zzf2.html>

13. Chinese media describe Peter Dutton as a 'low version of Trump'

23/08/18

Michael Smith

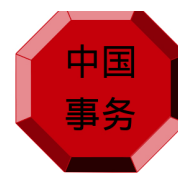
Australian Financial Review

A Chinese newspaper has described aspiring prime minister Peter Dutton as a "low version of Trump" as the leadership contest and a decision to effectively block Chinese telecommunications groups from bidding for 5G mobile phone networks deliver a fresh blow to Sino-Australia relations.

The hawkish *Global Times* newspaper posted an editorial on social media on Thursday referencing Mr Dutton's controversial policies on asylum seekers, his decision to boycott a 2008 national apology to the Stolen Generations and his comments about African crime gangs in Melbourne.

"This Dutton can be called a low version of [US President Donald] Trump," the tabloid newspaper, often critical of the Australia government, said.

Read more (Paywall): <https://www.afr.com/news/policy/foreign-affairs/chinese-media-describe-peter-dutton-a-low-version-of-trump-20180823-h14dfg>



14. China: Australian government made 'wrong decision' over 5G ban

24/08/18

Kirsty Needham

Sydney Morning Herald

China's ministry of commerce says Australia has made "a wrong decision", while a nationalistic tabloid has labelled the Australian government "back stabbers", in the wake of Chinese companies being barred from the 5G rollout.

The ministry of commerce said new rules that exclude Huawei and ZTE from participating in 5G networks would have a negative impact on Australian and Chinese companies, in comments that appeared to link the ban to the wider trading relationship.

"Australia should look at the big picture of bilateral economic and trade cooperation, rather than easily interfere with and restrict normal business activities in the name of national security," a ministry spokesman said.

A *Global Times* editorial on Friday accused Australia of setting a precedent for "discriminating against Huawei in the name of national security".

Read more: <https://www.smh.com.au/world/asia/china-australia-government-back-stabbers-over-huawei-decision-20180824-p4zzg0.html>