

## Media Roundup Issue 91 (29/09/18 – 05/10/18)

### 1. Seeking clear air, Chinese villagers are cooking with (Australian) gas

**29/09/18**

**Kirsty Needham**

**Sydney Morning Herald**

In a simple kitchen in their farmhouse in Landong village, Mrs Bo, 70 and Mr Wang, 73, are cooking with gas.

They have no choice.

Village authorities in Landong have banned the sale of coal, and taken away any farm refuse that could be burnt under the traditional pot stove that now sits unused in the corner.

"Gas has made the air cleaner, and it is more convenient," says Mrs Bo, as her husband stir fries beans from their garden in a heavy wok.

"But the cost is a third to a quarter more."

The impact in Australia, the world's second biggest LNG exporter, is that LNG is forecast to overtake the coal used in steel production to become our second biggest export, earning \$42.4 billion, this year.

Read more: <https://www.smh.com.au/business/the-economy/seeking-clear-air-chinese-villagers-are-cooking-with-australian-gas-20180927-p506g2.html>

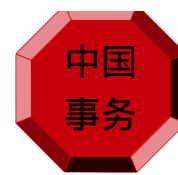
### 2. Why China's richest flock to Australia – even if they're not always welcome

**29/09/18**

**John Powers**

**South China Morning Post**

Australia's relationship with its biggest trade partner, China, has seen better days.



The pair haven't been seeing eye to eye since December, when then Prime Minister Malcolm Turnbull linked Canberra's anti-foreign interference laws to what he claimed were Chinese attempts "to influence the political process" in his country – a claim that prompted an angry Beijing to summon the Australian ambassador and marked a low point from which relations are yet to recover.

Just last month, Beijing's ministry of commerce accused Canberra of interfering with "normal business activities" after it barred Chinese tech giant Huawei from involvement in Australia's 5G network due to unspecified national security concerns. Soon afterwards, the Beijing-linked Global Times sounded the alarm about the rise of China "hawks" in the cabinet of Turnbull's successor as prime minister, Scott Morrison, pointing to the move of minister Marise Payne – a frequent Beijing critic – from the defence to foreign affairs portfolio.

But if the relationship between Canberra and Beijing has seen better days, China's ultra rich appear to be as enamoured with Australia as ever.

Read more: <https://www.scmp.com/week-asia/society/article/2163540/why-chinas-richest-flock-australia-even-if-theyre-not-always>

### 3. Australian artists compete for slice of China's burgeoning appetite for contemporary art

**29/09/18**

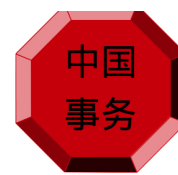
**Andrew Thompson and Bang Xiao**

**ABC News**

Cashed-up Chinese have been splashing out on real estate and luxury cars. Now they are turning to contemporary Western art to show off their cultural sophistication.

The trend has seen key figures in Australia's art scene working hard to ensure Aussie artists are well positioned to gain exposure in the booming Chinese market.

China is now the second-largest art market in the world, accounting for 21 per cent of the \$US63 billion (\$86.6 billion) generated in global art sales last year, according to the latest Art Basel and UBS Global Art Market Report.



It is a seismic shift in the global art market — traditionally dominated by the established European and US markets — and artists, global auction houses, dealers and major galleries are all seeking to gain a foothold in the burgeoning market.

Read more: <http://www.abc.net.au/news/2018-09-29/australian-artists-eye-cashed-up-chinese-buyers/10307270>

#### 4. China's response to tariffs key to future of \$A, economists say

**30/10/18**

**William McInnes**

**The Australian Financial Review**

Australian economists say China's response to tariffs likely will be a key factor for the direction of the Australian dollar in coming months.

According to market economists polled for The Australian Financial Review's latest quarterly economist survey, the Australian dollar will reach US72¢ by the end of the year and US70¢ by March next year. It's currently trading at US72.22¢. Economist forecasts for the Australian currency varied widely in the latest survey. Market Economics managing director Stephen Koukoulas was the most bearish, forecasting it would hit US63¢ by March.

"There are a number of factors that are likely to skew the Australian dollar lower," he said. "A widening interest rate gap as the Fed continues to hike US rates and the RBA is on hold will likely see the gap at the cash rate widen to 150 basis points by mid-2019.

Read more (Paywall): <https://www.afr.com/markets/chinas-response-to-tariffs-key-to-future-of-a-economists-say-20180928-h15zcz>

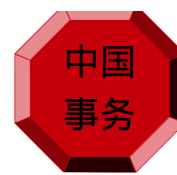
#### 5. How Australians are helping China become the world's biggest wine maker

**01/10/18**

**Matthew Carney**

**ABC News**

For Australian winemakers, the Chinese market is booming.



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

For the first time they have sold more than \$1 billion in their biggest export market — and it is only going to get much, much bigger.

But the Chinese are now pushing back, planning to become the world's top number winemakers and produce top-quality wines to win back their own consumers.

It's early morning in Ningxia, China's premier wine growing region. The air is cold and crisp — ideal for harvesting grapes.

On the edge of the Gobi desert, Ningxia was once arid land but in less than 20 years the Chinese have built a massive wine industry here.

Liao Zusong is the chief winemaker at Pigeon Hills, the biggest winery in Ningxia, and is directing the harvest.

He has big ambitions.

And like many others here Mr Liao learnt his craft in Australia, spending three harvests in Victorian winegrowing regions.

Read more: <http://www.abc.net.au/news/2018-10-01/australians-helping-china-become-worlds-biggest-wine-maker/10324624>

## 6. Freedom Foods milks China's dairy demand despite red tape blip

**01/10/18**

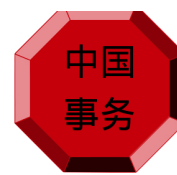
**Michael Smith**

**The Australian Financial Review**

Food and dairy group Freedom Foods Group says Australia must do more to foster direct government relationships in China, where it expects sales of its dairy, cereals and other products to accelerate as Beijing introduces policies to make it easier for importers despite trade tensions with the United States.

Rory Macleod, the managing director of the \$1.5 billion company, said there were increasing signs Beijing was willing to reduce red tape and introduce other measures to make it easier for foreign imports although regulatory risks remained.

In an interview with The Australian Financial Review at Freedom's Shanghai office, Mr Macleod said he was encouraged by conversations he had in China



last week that Beijing was genuine about making life easier for importers. However, he said his company had been waiting a year for a licence to export milk to China from its plant at Ingleburn in NSW. But Freedom Food's plant has accreditation for its other export markets.

Read more (Paywall): <https://www.afr.com/business/freedom-foods-milks-chinas-dairy-demand-despite-red-tape-blip-20181001-h162ua>

## 7. Naive Australia open to China's tech thieves, experts warn

**02/10/18**

**Primrose Riordan**  
**The Australian**

China will target radar technology and quantum computing under development in Sydney and Canberra to advance its military capabilities and outmatch Australia, former defence officials warn.

Defence experts, including national security consultant to the government Ross Babbage, are alarmed by the speed of Australia's response to the threat of technological theft and transfer from China, potentially allowing Beijing to secure access to Australian technology.

Dr Babbage, a former assistant defence secretary, said there was a "degree of naivety" from Australia in regards to the threat, citing concerns at maintaining security over critical research in universities and China's attempts to position its people in Australia and allied countries.

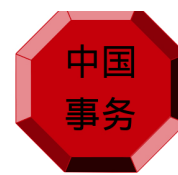
"It's simply not true that the Chinese government or for that matter sometimes the Russians are not interested, they are very, very interested in getting their hands on our research in key areas," he said.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/national-security/naive-australia-open-to-chinas-tech-thieves-experts-warn/news-story/381a5ab12b695ec9f2a648881f6df99c>

## 8. China challenges Australia in the South Pacific

**02/10/18**

**Graeme Dobell**  
**The Strategist**



Australia today sees its strategic interests in the South Pacific directly challenged by China.

No longer is China given the benefit of the doubt as the rapidly expanding power coming to terms with its new roles in the South Pacific. The shift in Canberra's judgement is significant.

In the previous decade, China's actions in the South Pacific were seen principally through the prism of its diplomatic competition with Taiwan. The Beijing–Taipei fight was tough and rough in the islands, but China's priority was clear: it was all about Taiwan. China didn't want to disrupt the order of the South Pacific, just beat Taiwan.

Read more: <https://www.aspistrategist.org.au/china-challenges-australia-in-the-south-pacific/>

## 9. Why Australia needs a clear China policy on economics and security

**02/10/18**

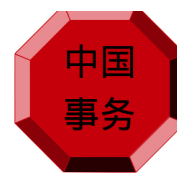
**Michael Shoebridge**  
**The Australian**

Australia's relationship with China would benefit from a clearer declaration from Australia about what is and is not in our national interest in engaging with the Chinese state and economy.

This is particularly timely because China's peaceful rise is over. The Chinese state under Xi Jinping is confidently using its strategic and economic power in coercive ways.

A clear Australian policy can be implied from government decisions and laws passed by the parliament. Without stating it, though, each decision is characterised as a new "test" of the bilateral relationship. This gives free leverage to Beijing.

On trade, Australia is open for business. Two-way trade focuses on resources, agriculture, tourism and education. It's mutually beneficial — our businesses profit and our Chinese customers receive world-class competitively-priced resources, goods and services.



Read more (Paywall): <https://www.theaustralian.com.au/news/world/why-australia-needs-a-clear-china-policy-on-economics-and-security/news-story/709c73f06872636252734a66c1386f62>

## 10. Iron ore prices to fall as China cleans up: Rio

**02/10/18**

**Perry Williams**

**The Australian**

Rio Tinto has warned that iron ore prices are set to fall as Chinese steel mills embark on a seasonal wave of production curbs to help tackle chronic air pollution.

Australia's largest producer of the commodity said that while the iron ore price had been in a stable range over the past few months, the market should expect some volatility as Chinese steel mills shutter production to meet emissions targets during the winter heating season.

"We are heading into the period where there will be winter restrictions — and we'll need to see how that goes. But we would expect some further softening on prices through the slowdown period," Rio's iron ore boss Chris Salisbury told The Australian after announcing a \$US820 million (\$1.13bn) investment to sustain production in Western Australia's Pilbara region.

Reforms by Beijing to rationalise its steel sector to meet pollution rules and boost productivity were partly softened last year, with steel mills in southern China escaping the environmental restrictions.

Read more (Paywall): <https://www.theaustralian.com.au/business/mining-energy/iron-ore-prices-to-fall-as-china-cleans-up-rio/news-story/d317c34cb9d68a21013b66d22ef16850>

## 11. High-roller spending 'solid' at Australian casinos despite China fears

**02/10/18**

**Nick Toscano**

**Sydney Morning Herald**



Fears that China's slowing economic growth could cause a collapse in the number of Asian high-rollers coming to gamble heavily at Australian casinos are being "overplayed", gaming industry analysts say.

Shares in casinos in the gambling hub of Macau have tumbled nearly 15 per cent in recent weeks after a pullback in spending by high-rollers, partly due to China's softening economy and uncertainty over worsening China-US trade tensions. Australian casino giants The Star, SkyCity and James Packer's Crown Resorts have been monitoring the situation in Macau and bracing for the possibility of a reduction in volumes from big-spending Chinese visitors – a revenue source on which they have become increasingly reliant.

Read more: <https://www.smh.com.au/business/companies/high-roller-spending-solid-at-australian-casinos-despite-china-fears-20181001-p50735.html>

## 12. Tasmanian independence at risk from Chinese investment says Australian academic

**03/10/18**

**Lucy McDonald  
ABC News**

An academic has warned Australia is at risk of becoming a "client state" of the People's Republic of China and has called for a proper and respectful debate in Tasmania about the nature of its relationship to the country.

Professor Clive Hamilton spoke to a packed room at the University of Tasmania in Hobart on Tuesday night about his book *Silent Invasion: China's Influence in Australia*.

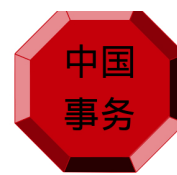
Released in February this year, the book explores the Chinese Communist Party's influence and interference operations in Australia.

But it's not the first time questions have been raised over China's influence in Australia, and more specifically, Tasmania.

Read more: <http://www.abc.net.au/news/2018-10-03/clive-hamilton-on-china-relationship-to-tasmania/10329236>

## 13. Australia caught in US-China trade war crossfire





**03/10/18**

**Glenda Korporaal**  
**The Australian**

The Reserve Bank's statement yesterday that it is holding the cash rate at 1.5 per cent feels strangely out of date.

Its decision to hold was to be expected, and its attempt not to frighten any domestic political horses with alarmist rhetoric is understandable. But in producing a statement almost word for word to that released a month ago, there is no recognition of the sharp deterioration in global confidence in recent weeks as a result of the trade war between the US and China whose economic implications are only just starting to bite.

Concerns are being reflected in vulnerable emerging markets as relations between China and the US are becoming seriously tense and now seem to be having a worrying military undertone.

*Read more (Paywall):* <https://www.theaustralian.com.au/business/opinion/australia-caught-in-uschina-trade-war-crossfire/news-story/252f6e4cd0290ecb727e4cb360396ba6>

## 14. Kowtowing to China will only lead us to Hong Kong

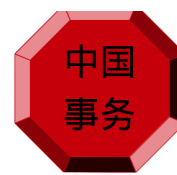
**03/10/18**

**Daryl McCann**  
**Publication**

We all knew Beijing was an authoritarian regime, but suddenly everyone in its orbit is buckling to its demands: the Hong Kong government's ban on the HK National Party, Google's "special" China arrangements, Pope Francis's compliance with Beijing's selection of bishops. What does it mean for the world? And Australia?

Beijing promised Hong Kong autonomy when it took control of the British territory in 1997. Ever since, the struggle to develop some form of democracy, never at the forefront of British thinking during its rule, has been a frustrating one.

*Read more (Paywall):* <https://www.theaustralian.com.au/opinion/kowtowing-to-china-will-only-lead-us-to-hong-kong/news-story/edcfae1b9cc9c56501c2f857ed3d6278>



## 15. Increased demand from China for Australian Cotton

**03/10/18**

**Madeleine Stuchbery**

**The Weekly Times**

AUSTRALIA could be a surprise beneficiary of the escalating US-China trade war, as increasing tariffs see Chinese producers turn to alternative sources of cotton.

A recent Australian Bureau of Agricultural and Resource Economics and Sciences report identified opportunities for Australian cotton growers to capitalise on increasing tensions between the US and China.

In July, China imposed a retaliatory 25 per cent additional import tariff on US raw cotton.

With import tariffs on US cotton into China now reaching 26 per cent for cotton within the 890,000 tonnes quota, and up to 65 per cent for out-of-quota imports, the competitiveness of US cotton into the Chinese market could provide opportunity for Australian cotton, as Chinese buyers could turn to other markets in South-East Asia.

Read more: <https://www.weeklytimesnow.com.au/agribusiness/cropping/increased-demand-from-china-for-australian-cotton/news-story/1f5ed102bbd3200216add8d0f22235d2>

## 16. Australia warned China against 'intimidation' in the South China Sea after a tense standoff with a US destroyer

**03/10/18**

**Rosie Perper**

**Business Insider Australia**

Australia is warning Beijing not to use “intimidation or -aggressive tactics” after a Chinese destroyer challenged a US Navy warship during a tense standoff in the South China Sea.

The Chinese ship faced off with the US Navy’s Arleigh Burke-class destroyer USS Decatur on Sunday during a close encounter near Gaven Reef in the disputed



Spratly Islands. US officials described the showdown as “unsafe”, claiming that the Chinese ship sailed within 41 metres of the US naval vessel.

“We would view any use of -intimidation or aggressive tactics as destabilizing and potentially dangerous,” Australian Defence Minister Christopher Pyne said, according to the Australian.

Read more: <https://www.businessinsider.com.au/australia-china-us-standoff-destroyer-south-china-sea-2018-10>

## 17. Australia outbids China to fund Fiji military base

**04/10/18**

**Christopher Mudaliar**  
**The Interpreter**

The competition of who gets to fund the Republic of Fiji Military Forces (RFMF) Black Rock Camp in Nadi came to close late in August, with Australia coming out on top over China. The RFMF’s chief of staff for co-ordination, Captain Eronia Duaibe, said that Australia’s bid was successful because they took a holistic approach to Black Rock’s construction, rather than the “bits and pieces” tabled by China.

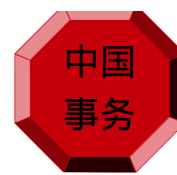
This comes at a time when Fiji’s position between Australia and China within the Pacific is becoming more and more contested. Increasing Chinese activity within the region as a result of China’s Belt Road Initiative (BRI) has prompted Australia’s re-engagement within the Pacific. This is also partly due to the relabelling of the Pacific’s strategic status from a place of “small-island nations” to that of “large oceanic states” who harbour vast amounts of ocean resources within their maritime borders.

Read more: <https://www.lowyinstitute.org/the-interpreter/australia-outbids-china-fund-fiji-military-base>

## 18. Greens divisions over China erupt

**04/10/18**

**Matthew Denholm**  
**The Australian**



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

Divisions have emerged within the Greens over Chinese government influence in Australia, with Tasmanian leader Cassy O'Connor rejecting claims from within the party of a "racist", "reds under the bed" mentality.

Some Greens members are uncomfortable with, or openly hostile to, Ms O'Connor's strident attacks on Beijing and highlighting of alleged Chinese Communist Party links of members of Tasmania's Chinese-Australian community.

One prominent figure in the party told *The Australian* they were concerned Ms O'Connor and others in the broader Green movement were straying into "reds under the bed" hysteria with attacks on Chinese influence and investment.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/state-politics/greens-divisions-over-china-erupt/news-story/f7f6f96c254cb3941fd478e6dee69ead>

## 19. Brands look to daigou in Australia to boost China sales

**04/10/18**

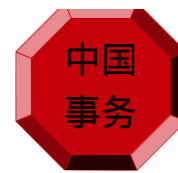
**Mike Cherney**

**The Wall Street Journal (via The Australian)**

Unilever wants its Australian instant-soup brand to be a top-seller in the lucrative Chinese market. But instead of launching an advertising campaign in Beijing, it is offering free samples to Chinese residents in Australia, hoping they will buy and ship the product to family, friends and other consumers back home.

The Chinese buyers in Australia are called "*daigou*", a term (pronounced "die-go") derived from a Mandarin phrase that means "buying on behalf of". That role has evolved from students or tourists who sent home the occasional package to people who do it as a part-time or full-time job, reaping often hefty profit margins.

Now, companies like Unilever are increasingly marketing their products directly to *daigou*, a low-cost channel into the Chinese market that doesn't require warehouses or distribution networks in China itself. But even well-known Western brands, many of which are still absent from China, aren't guaranteed success, and must convince *daigou* and their Chinese customers that their products are high-quality and authentic.



China  
Matters

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*Read more (Paywall): <https://www.theaustralian.com.au/business/wall-street-journal/brands-look-to-daigou-in-australia-to-boost-china-sales/news-story/d4e1a9ad50052c0d1ee548463e02252c>*