

Media Roundup Issue 108 (09/02/19 – 15/02/19)

1. Australia ramps up rivalry with China for influence in the Pacific

09/10/19

Natalie Whiting and Stephen Dziedzic

ABC News

As the Australian Government presses on with its pivot to the Pacific, no-one wants to use the "C" word.

But China is clearly playing a central role in the unprecedented amount of attention the region is currently receiving from Australia — even if its officials won't admit it.

It's just six weeks into the new year and already the Prime Minister, the Foreign Minister, the Assistant Minister for the Pacific, the Chief of Defence Force and the Commissioner of the Australian Federal Police have visited the region.

"This is one of the most intense periods, if not perhaps the most intense periods of engagement I think I've ever seen," Pacific expert James Batley from Australia National University said.

Read more: <https://www.abc.net.au/news/2019-02-10/australia-ramps-up-its-rivalry-with-china-over-pacific-influence/10792848>

2. Revealed: 17 Australian residents believed detained in China's Uighur crackdown

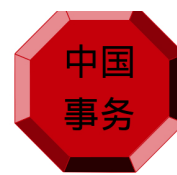
11/02/19

Kate Lyons

The Guardian

Seventeen Australian residents are believed to be under house arrest, in prison or detained in China's secretive "re-education" centres in Xinjiang, the Guardian can reveal.

The 17 cases – 15 Australian permanent residents and two on spouse visas – have been collected by Nurgul Sawut, an advocate for Uighurs in Australia, through interviews with their family members.



The individuals are believed to have been detained while on trips to China visiting relatives. Many have children or spouses who are Australian citizens.

It is difficult to confirm their fates, given the secretive nature of the camps, but Sawut believes one of the group is in prison, four are under house arrest, and the remaining 12 are in detention centres.

Read more: <https://www.theguardian.com/australia-news/2019/feb/11/revealed-17-australian-residents-believed-detained-in-chinas-ughur-crackdown>

3. Suspicion falls on China after cyber attack on Australian Parliament – and it's not surprising

09/02/19

Michael Vincent

ABC News

It took less than an hour after the first report of a cyber attack on the Australian Parliament for suspicion to fall on China.

Australia's security agencies are now investigating whether Beijing was behind a "sophisticated" cyber breach, which may have exposed the parliament's computer system to foreign hackers.

The Chinese Embassy in Canberra is yet to comment.

Why is the finger so quickly pointed at China?

It's not necessarily surprising — China has form at being blamed for cyber attacks against Australia and other nations.

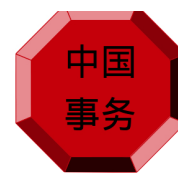
Read more: <https://www.abc.net.au/news/2019-02-08/australian-parliament-cyber-security-breach-blame-on-china/10795010>

4. Australian government works with Huawei despite 5G ban

11/02/19

Nick Bonyhady

Sydney Morning Herald



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

The Australian government gave over \$1 million to research projects involving Chinese technology giant Huawei and contributed funds to student trips to Huawei's facilities in China even as it has barred the company from building next-generation 5G mobile infrastructure for security reasons.

The Australian Research Council (ARC), a top government research funding body, paid out the \$1 million in grants over the last four years to projects involving several Australian universities and Huawei for work on subjects from wireless communications to road infrastructure.

Huawei has also been supported by the Department of Foreign Affairs and Trade's New Colombo Plan (NCP) in an ongoing project called "Seeds for the Future" to send students to China for a cultural and computer science exchange, including a visit to Huawei facilities.

The company is also still listed as a member of the Australian government's advisory 5G working group.

Read more: <https://www.smh.com.au/politics/federal/australian-government-works-with-huawei-despite-5g-ban-20190210-p50wt9.html>

5. China challenge confronts foreign minister-in-waiting Penny Wong

11/02/19

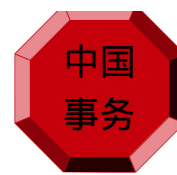
Andrew Tillett

Australian Financial Review

Managing relationships with Beijing will become more complex into the future, Labor's foreign affairs spokeswoman Penny Wong predicts as she signals that Chinese technology giant Huawei is unlikely to receive a sympathetic hearing from a Labor government to be allowed to help build the 5G network.

In an interview with *The Australian Financial Review*, Senator Wong – poised to become Australia's top diplomat if Labor wins the May election – also said President Donald Trump's attack on China for stealing intellectual property was "understandable", although adds no one wins from a trade war.

"I think it is in his right to call out breaches of trading and financial arrangements which don't accord with international laws and norms," she said.



"There is a lot of stuff in the public arena which makes some of the concerns understandable. Where we would differ [to the US] is how you deal with this."

Read more (Paywall): <https://www.afr.com/news/politics/china-challenge-confronts-foreign-minister-in-waiting-penny-wong-20190206-h1ay4k>

6. Australia smearing China with spying brush

11/02/19

Chen Hong

Global Times (China)

It remains unknown if it was a coincidence or not that on the evening of February 5, the first day of the Chinese New Year, Australian newspaper Sydney Morning Herald revealed that immigration authorities had rejected Chinese billionaire Huang Xiangmo's citizenship application. Officials also revoked Huang's permanent resident status, a move that blocked him from joining his family and conducting business in Australia.

Australian authorities have the right to make ruling they see fit, and for whatever reason. For example, the so-called "character grounds" in Huang's case, basically explains nothing.

What arouses skepticism of the true motivation is the link between such a decision and the accusations by Australian government agencies, along with several media reports during the past two years that claimed Huang was engaged in espionage activities and unlawful political lobbying.

Many of the allegations have proven to be implausible and groundless. In late 2017, Melbourne newspaper The Herald Sun issued an apology for suggesting that Huang was, "attempting to interfere with Australian government policy...that he was engaging in espionage."

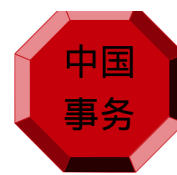
Read more: <http://www.globaltimes.cn/content/1138476.shtml>

7. Kevin Rudd says Donald Trump's trade deal with China will be 'superficial'

12/02/19

Jacob Greber and Michael Smith

Australian Financial Review



A modest Washington-Beijing trade breakthrough won't defuse an intensifying cold war over technology that will hurt investors, says seasoned China-watcher Kevin Rudd after President Donald Trump ordered the US government to step up AI investment.

With both sides resuming talks in Beijing this week, financial markets are still wondering whether the US and China can resolve major differences ahead of the March 1 deadline, when US tariffs on Chinese imports are scheduled to surge.

White House trade negotiator Robert Lighthizer and Treasury Secretary Steve Mnuchin will meet with top Chinese officials on Thursday and Friday as concern grows over the prospect of a deal that addresses only the trade deficit without tackling more challenging structural issues such as IP theft.

"I think it will be, as it were, superficial plus," Kevin Rudd, head of the New York-based Asia Society Policy Institute, told CNBC. "But it will not get into fundamental territory."

Read more (Paywall): <https://www.afr.com/news/politics/world/kevin-rudd-says-donald-trumps-trade-deal-with-china-will-be-superficial-20190212-h1b595>

8. Chinese billionaire blasts 'giant baby' Australia's anti-China agenda in rare interview

12/02/19

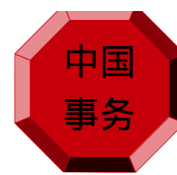
Erin Handley

ABC News

Chinese billionaire Huang Xiangmo has slammed Australia's "anti-China agenda" and said the rejection of his citizenship application was "groundless", in an interview with Chinese state media outlet Global Times.

The more than 3,000-word long interview was published a week after the Department of Home Affairs stripped the prominent political donor of his permanent residency while he was out of the country, making it impossible for him to return to Australia.

"What I did not expect is that a system that boasts democracy and rule of law would allow some people from its intelligence agency to punish a permanent resident with groundless accusations," Mr Huang told the Global Times.



He said Australian media outlets had conspired against him.

"It's not that the Australian side has scepticisms about my political donations, but some media are co-ordinately smearing me in an odd way," he said.

Read more: <https://www.abc.net.au/news/2019-02-12/chinese-billionaire-huang-xiangmo-australia-residency-stripped/10802868>

9. Further hit to Australian property as China intensifies capital controls

12/02/19

Michael Smith and Su-Lin Tan
Australian Financial Review

China has introduced jail terms for operators of "underground banks" illegally helping tens of thousands of its citizens transfer money out of the country to buy property overseas, in a move developers warn is a big blow to Australia's real estate market.

China's Supreme Court quietly introduced stiff penalties for illegal currency exchanges at the start of the month, in a further effort to stop capital from leaving the country. China's leaders want to prop up the slowing economy, stimulate the local property market and prevent a further sell-off in the domestic stockmarket.

The move, which imposes jail terms of five years or more for offenders, would target the operators of so-called "underground banks" which facilitate illegal foreign exchange and cross-border trading. Tens of thousands of middle class Chinese use the services to funnel billions of dollars out of the country to buy property in Australia, New Zealand, Canada, the United Kingdom and other countries.

Read more (Paywall): <https://www.afr.com/news/world/asia/further-hit-to-australian-property-as-china-intensifies-capital-controls-20190213-h1b7ez>

10. China denies cyber attack on federal parliament

13/02/19

Glenda Korporaal
The Australian



China has rejected suggestions that its agencies have been behind the cyber attack on federal parliament last week.

Hua Chunying, spokeswoman for China's Ministry of Foreign Affairs said media reports that Chinese government backed hackers may have been behind the attack were "part of a larger smear campaign against China."

"China has always maintained that cyber security should be upheld by all members of the international community as it is a global issue that concerns the common interests of all countries," said Ms Hua.

Her comments come after federal parliament's presiding officers, Tony Smith and Scot Ryan, issued a joint statement last Friday that hackers had tried to break into parliament's computer network.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/china-denies-cyber-attack-on-federal-parliament/news-story/56b7270fdb217bc3806dead79e778825>

11. The US shouldn't go to war with China over Taiwan – and nor should Australia

13/02/19

**Hugh White [China Matters Advisory Council Member]
The Strategist**

Paul Dibb, in his recent Strategist post, writes that America's strategic position in Asia would be fatally undermined if it didn't go to war with China if China attacked Taiwan, and that Australia's alliance with America would be fatally undermined if we didn't then go to war with China too. The conclusion he draws is that, in the event of an unprovoked Chinese attack on Taiwan, America should go to war with China, and so should Australia.

I think Dibb's premises are correct, but his conclusion is wrong. Failing to come to Taiwan's aid would seriously weaken and perhaps destroy America's position in Asia, and our alliance with America would be seriously weakened if not destroyed if we failed to support the US. But it doesn't follow that either America or Australia should therefore go to war with China to defend Taiwan.



That depends on who would win the war. Such a war, like any war, would be a calculus of uncertainties, but at the very least one could say that a swift, cheap and decisive US victory over China would be very unlikely. America's military power is very great, but China's military power, and especially its capacity to deny its air and sea approaches to US forces, has grown sharply, and is now formidable.

Read more: <https://www.aspistrategist.org.au/the-us-shouldnt-go-to-war-with-china-over-taiwan-and-nor-should-australia/>

12. It may be a bit late to slam the digital door on China

14/02/19

David Uren

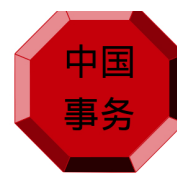
The Australian

There is a disconnect between Australia's sponsorship of global negotiations including China to promote the non-discriminatory treatment of digital commerce and its unilateral discrimination against China's leading suppliers of telecommunications equipment. It is a tension being played out globally as trade officials try to stem the rising protectionist tide while Western security agencies conclude China's rapidly advancing technological prowess represents a strategic threat.

Last month's agreement by 76 nations to embark on a formal round of World Trade Organisation negotiations to craft a new set of enforceable global rules to govern digital trade was a notable achievement for Australian trade diplomacy. It follows Australia's success alongside Japan in revitalising the Trans-Pacific Partnership in the wake of the Trump administration's withdrawal and is line with Australia's long history of multilateral trade leadership including the Uruguay Round that established the WTO and the formation of APEC.

Australia had been working with Japan and Singapore since late 2017 to form a group of nations willing to develop a framework to strengthen the trust among digital transactions partners. Chinese representatives had attended monthly meetings as observers, but decided to join the negotiations only at the last minute.

Read more (Paywall): <https://www.theaustralian.com.au/opinion/it-may-be-a-bit-late-to-slam-the-digital-door-on-china/news-story/ec6f3b7cb8cf180d44cc66cc7d549b17>



13. Chinese looking down the barrel of \$140m loss – is this the worst deal in Australian gold mining history?

14/02/19

Jarrold Lucas

ABC News

Western Australia's historic mining town of Coolgardie, 550 kilometres east of Perth, was put on the map by one of the world's biggest gold rushes back in 1892.

It has seen many fortunes won and lost over the years, but perhaps nothing on a scale quite like WA gold miner Focus Minerals.

At one stage, Focus was Australia's fifth-largest gold producer but saw its costs spiral out of control in what could now be a timely reminder for the sector.

In September 2012, at the peak of the mining investment boom, China's Shandong Gold International Mining Corporation bought 51 per cent of the Perth-based miner for \$225 million.

In the space of a few months, the Chinese watched their investment implode in spectacular fashion, amid the worst gold price crash since the 1980s.

Read more (Paywall): [https://www.abc.net.au/news/2019-02-14/chinese-facing-\\$140m-loss-from-australian-gold-investment/10808558](https://www.abc.net.au/news/2019-02-14/chinese-facing-$140m-loss-from-australian-gold-investment/10808558)

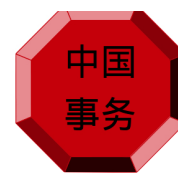
14. China's 'ham-handed' PR moves hurt its global image

14/02/19

Chris Horton

Nikkei Asian Review

Over the past 20 years, China has leveraged its economic growth and practiced deft diplomacy to craft an image as a responsible member of the global community. More recently, the political chaos of the Donald Trump presidency and Brexit have made China appear to be a steady presence in a changing world.



But over the past year, the Chinese Communist Party's handling of domestic and international affairs has eroded much of the goodwill it had built up, especially with middle powers such as Canada, Australia and the European Union. The party's missteps have not only undermined China's appeal among those that once viewed it as a counterweight to the U.S., but are also generating pushback.

Last year in Davos, Chinese President Xi Jinping was hailed as the new keeper of the global economic order. This year he was denounced as a grave threat to freedom. This criticism came not from protesters outside the World Economic Forum's exclusive events but from billionaire George Soros, in one of the forum's most widely covered speeches.

Read more: <https://asia.nikkei.com/Politics/International-Relations/China-s-ham-handed-PR-moves-hurt-its-global-image>

15. Advocate for jailed Australian writer Yang Hengjun calls for consular action

14/02/19

Michael Smith

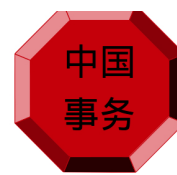
Australian Financial Review

The lawyer hoping to defend an Australian author detained in China on espionage accusations has called on the Australian government to verify claims by state security officials that Yang Hengjun wants to sack his legal team.

Prominent human rights lawyer Mo Shaoping said he had asked Australian consular officials to visit Mr Yang to verify whether he wanted the lawyers hired by his family to represent him or not.

Mr Mo said Mr Yang had been denied contact with his family or lawyers since he was led away by security agents shortly after stepping off a flight in Guangzhou on January 19 before being detained in Beijing. On February 8, officials from the Beijing State Security Bureau told the lawyers that their services were not required.

"I'm asking the consulate to confirm whether this was his decision. If that was not his genuine decision, he can sign an authorisation letter and the consulate can bring the letter back to me," Mr Mo told The Australian Financial Review this week.



Read more (Paywall): <https://www.afr.com/news/world/asia/advocate-for-jailed-australian-writer-yang-hengjun-calls-for-consular-action-20190213-h1b7g1>

16. In tour of Australia, Chinese admire clean air but bemoan lack of hot drinking water

14/02/19

Vicky Xiuzhong Xu

The New York Times

The Chinese tourists found Parliament House, one of Australia's most enduring national symbols, well . . . underwhelming.

"County-level governments in China have fancier buildings. Am I right?" said Jimmy Zhao, a Shanghai-born tour guide, who last month led a group of 55 tourists mostly from China, but also Malaysia and Singapore, on a four-day bus tour of Australia's East Coast.

The group giggled and agreed with Mr. Zhao's assessment, but they were also impressed that, unlike in China, anyone could walk into the heart of Australia's government. When Mr. Zhao, 53, pointed out a bathroom used by a former prime minister, one tourist sprinted off to experience the V.I.P. urinal.

"Today we are all senators!" shouted another Chinese visitor.

Tensions between Australia and China are at an all-time high — spurred, in part, by accusations of Chinese meddling in Australian politics — but the rate of Chinese tourists visiting Australia is surging. The country hosted 1.3 million Chinese tourists in the year ending September 2018, more than the population of Australia's fifth-biggest city, Adelaide.

Read more: <https://www.nytimes.com/2019/02/14/world/australia/chinese-tourism.html>

17. Economic diplomacy: trade ground shifts despite US-China row

14/02/19

Greg Earl

The Interpreter



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

As markets swoon amid the latest rumours about US-China trade negotiations, global trade experts meeting in Australia this week have expressed some confidence that an interim deal will be reached by the end of the month.

In public and private sessions, some members of the Asia Society Policy Institute's Trade Commission suggested a deal would be struck to avoid the threatened big tariff increases. This would pave the way for an extension of negotiations on the more complex structural issues including state-owned enterprises and intellectual property.

Commission chair and former US trade negotiator Wendy Cutler said she was "cautiously optimistic" because the prospect of escalation was of great concern to both countries.

China Institute for WTO Studies Executive Dean Tu Xinquan said China's economic slowdown was "imposing very big pressure on the government to make a deal." He said there was an emerging consensus in China that the country should shift back to more of an economic development focus after the political consolidation of the past five years.

Read more: <https://www.lowyinstitute.org/the-interpreter/economic-diplomacy-trade-ground-shifts-despite-us-china-row>

18. Heaven and earth in Chinese art: Politics on display in Australia

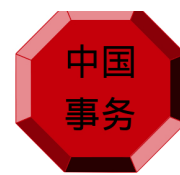
14/02/19

Grant Wyeth

The Diplomat

Last week a seemingly minor diplomatic incident took place between the People's Republic of China (PRC) and the state government of Australia's New South Wales (NSW). Officials from the Chinese consulate in Sydney met with the Arts Minister from the NSW state government to formally protest an exhibition titled "Heaven and Earth in Chinese Art" currently on display at the Art Gallery of New South Wales (AGNSW). The exhibition is on loan from the National Palace Museum in Taiwan (formally known as the Republic of China). Although the Chinese officials did not ask for the exhibition to be shut down, they questioned why the gallery and the NSW state government was dealing with Taiwan.

The 87 pieces that are on display at the gallery until May 5 have a unique modern history that lend themselves to the sensitivities of the Chinese



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Communist Party (CCP). Initially removed from Beijing's Palace Museum in the 1920s, the works were strategically moved around the mainland for 20 years to evade capture by invading Japanese forces. Then, as the communists gained control of the mainland in the subsequent civil war, what were considered the finest of the artworks were transported to Taiwan as the Kuomintang regime retreated to the island.

Read more: <https://thediplomat.com/2019/02/heaven-and-earth-in-chinese-art-politics-on-display-in-australia/>