

Media Roundup Issue 116 (06/04/19 – 12/04/19)

1. China agents interfered with Turnbull's classified inquiry

07/04/19

Nick McKenzie

The Sydney Morning Herald

Two Australian writers, including one now detained in China, were the targets of a Chinese government intelligence operation conducted partly on Australian soil.

An investigation by The Age, The Sydney Morning Herald and Four Corners can reveal that the Chinese operation was seeking details about former prime minister Malcolm Turnbull's 2016 classified inquiry into Beijing's campaign to influence Australian politics.

Blogger Yang Hengjun, who is currently detained in China, and Sydney academic-writer, Dr Feng Chongyi, were both targeted by Chinese authorities for information on John Garnaut, the China expert and former journalist who led the classified investigation.

The revelations come as Mr Yang's wife Xiaoliang Yuan broke her silence from China – risking potential blowback from the Chinese government – to call for Australia to fight harder for her husband's release from the "residential detention" facility he's been held in since travelling there in January.

Read more: <https://www.smh.com.au/politics/federal/china-agents-interfered-with-turnbull-s-classified-inquiry-20190404-p51asi.html>

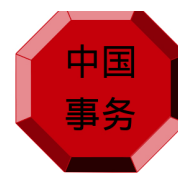
2. China interrogated Australian residents over ties to Turnbull government adviser

08/04/19

Nick McKenzie, Sashka Koloff

ABC News

Two Australian residents have revealed they were interrogated by Chinese officials seeking information about a secret investigation into China's influence in Australia that was launched by then-prime minister Malcolm Turnbull.



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

The Chinese government intelligence agents were especially keen to press the pair for information about John Garnaut, who was appointed by Mr Turnbull to head up the top-secret investigation with ASIO in 2016.

The investigation was looking into Beijing's interference in Australia. One of the men, a former Chinese government official-turned blogger, Yang Hengjun, has been detained in China since January and has so far been denied access to a lawyer.

A joint investigation by Four Corners, The Age and The Sydney Morning Herald can reveal details of the interrogations both men faced over the classified report.

Writer and academic Feng Chongyi has revealed Chinese intelligence officials detained him for several days in China in 2017 and interrogated him about his dealings with Mr Garnaut.

Read more: <https://www.abc.net.au/news/2019-04-08/china-interrogated-australian-residents-over-turnbull-adviser/10962232>

3. Chinese investment into Australia plunges by nearly \$5b in 2018

08/04/19

Michael Janda

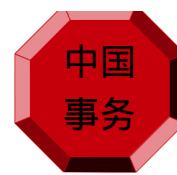
ABC News

Chinese investment in Australia dropped by more than 36 per cent in 2018, to its second lowest level since the global financial crisis of 2008.

The latest report from KPMG and the University of Sydney Business School found that Chinese firms invested a total of \$8.2 billion in Australia last year, down from \$13 billion the year before.

That was despite Chinese foreign investment globally increasing by 4.2 per cent last year.

Mining led the decline, with a 90 per cent slump in investment to \$464 million — a similar level to 2016, after the 2017 result was boosted by Yancoal's \$3.4 billion acquisition of Rio Tinto's thermal coal assets.



Commercial real estate also posted a decline, with data compiled with the assistance of real estate firm Knight Frank showing Chinese investment fell from \$4.4 billion in 2017 to \$3 billion last year.

Read more: <https://www.abc.net.au/news/2019-04-08/chinese-investment-into-australia-drops-sharply/10980082>

4. Australia cannot take China's LNG demand for granted

08/04/19

Michael Smith

Australian Financial Review

It is not surprising executives from Australia's biggest liquefied natural gas exporters were rubbing shoulders with China's top energy companies in Shanghai this week.

Australia has a lot riding on China's transition from a coal-powered economy to a greater reliance on gas. China's current restrictions on Australian coal exports are a reminder that Canberra cannot take demand for that commodity and iron ore for granted.

The focus is increasingly on Australia's huge LNG market as Woodside, Santos and Oil Search and their partners prepare to invest \$US27 billion (\$49.6 billion) into new projects in Western Australia. China, which currently powers just a fraction of its huge economy with gas, will play an important role in future demand.

But the message from the world's biggest LNG players at a major industry conference in Shanghai last week was one of caution. They recognise there are challenges to the huge increase being forecast for China's LNG needs.

Read more (Paywall): <https://www.afr.com/business/energy/australia-cannot-take-china-s-lng-demand-for-granted-20190405-p51b54>

5. China increasingly turns away from Australia for its trade

08/04/19

Glenda Korporeal

The Australian



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

The latest report by KPMG and Sydney University on Chinese investment in Australia confirms a trend which is increasingly obvious from Beijing — for a number of reasons, Australia is becoming less relevant to China, which is focused on President Xi Jinping's grand Belt and Road Initiative.

A combination of tighter controls being imposed by Australia on foreign investment, including investment by state-owned companies which still make up a large part of the Chinese economy, anti-Chinese rhetoric in Australia, and the driving force of Xi's BRI projects is seeing investment dollars into Australia falling at a time when China's overall foreign investment continues to rise.

The report celebrating 40 years of the Australia China Council, released late last year, was a sepia-toned reminder of a very different era decades ago when the Chinese economy was smaller than Australia's, when Australia was one of the first Western countries to recognise Beijing, and Australia saw itself having a role in helping China with agriculture, education, the arts and a more general connection with the Western world.

Read more (Paywall): <https://www.theaustralian.com.au/business/china-increasingly-turns-away-from-australia-for-its-trade/news-story/377e1ce990a44e26b6fc441905d6097f>

6. China pressured Sydney council into banning media company critical of Communist Party

08/04/19

Nick McKenzie, Sashka Koloff and Mary Fallon
ABC News

A local Sydney council bowed to pressure from the Chinese Government and banned an Australian-owned media company from sponsoring an event because it was critical of the Communist Party.

A joint investigation by Four Corners, The Age and the Sydney Morning Herald obtained documents showing how Chinese consular officials issued at least eight warnings over 12 months to the Georges River Council over its dealings with Vision China Times, a Chinese-language media organisation.

The newspaper has been repeatedly harassed because it publishes information in Mandarin that is critical of the Chinese Communist Party.



Vision China Times advertisers based in China were threatened by Chinese officials, including intelligence agents, and forced to pull their advertising.

Read more: <https://www.abc.net.au/news/2019-04-07/china-pressured-sydney-council-over-media-organisation/10962226>

7. More must be done to protect academic freedoms under threat from China

08/04/19

Elaine Pearson

The Sydney Morning Herald

There's been a vigorous debate of late in Australia about the extent of Chinese government interference in domestic politics. Less has been said about what occurs on our university campuses. Pressure from the Chinese government comes in numerous ways, including censoring discussion topics, putting students from China under surveillance, and threatening those who participate in protests or events China deems sensitive.

The Australian government has focused more on Chinese political influence and on criminalising acts of foreign interference. It has also created a register to improve transparency of organisations and institutions working on behalf of foreign governments and political bodies.

Beyond these reforms, colleges and universities can do several practical things to protect academic freedom. After all, Chinese students enrol in our universities to get an Australian education and that should come with a strong guarantee of academic freedom.

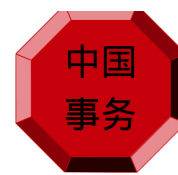
Read more: <https://www.smh.com.au/national/more-must-be-done-to-protect-academic-freedoms-under-threat-from-china-20190406-p51bjm.html>

8. Australian barley growers in limbo as China probe drags on

08/04/19

Michael Smith and Brad Thompson

Australian Financial Review



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China has warned its anti-dumping investigation into Australian barley exports could take up to 18 months, leaving the multi-billion industry in limbo after a failed attempt by grain growers to seek more clarity from Beijing.

China's Commerce Ministry said the anti-dumping probe should be concluded within 12 months of the initial announcement in November last year. However, it could also be extended another six months.

The delay is weighing heavily on farmers' decisions for the grain's planting season, which starts soon.

The Australian government and grains industry representatives met with officials in Beijing last month but were not given any clarity then about how long the investigation could take.

Read more (Paywall): <https://www.afr.com/news/world/asia/barley-growers-in-limbo-as-china-probe-drags-on-20190406-p51bjr>

9. Peter Dutton had private lunch with Chinese billionaire seeking Australian citizenship

09/04/19

AAP

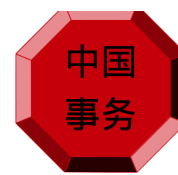
SBS News

A Chinese billionaire seeking Australian citizenship has reportedly paid tens of thousands of dollars to secure a private meeting with Peter Dutton, who was immigration minister at the time.

A joint ABC Four Corners, Sydney Morning Herald and The Age investigation exposed the meeting which was arranged by former Liberal minister turned lobbyist, Santo Santoro, at a Sydney restaurant in 2016.

Mr Dutton has confirmed the lunch but has denied providing assistance to Huang Xiangmo, who was last year banned from re-entering Australia on ASIO advice he posed a threat of foreign interference because of his links to the Chinese Communist Party.

The one-on-one meeting followed Mr Dutton's approval of a request to have a private citizenship ceremony for Mr Huang's wife and daughter inside former Labor Senator Sam Dastyari's office in January 2015.



Read more: <https://www.sbs.com.au/news/peter-dutton-had-private-lunch-with-chinese-billionaire-seeking-australian-citizenship>

10. Australia should mend China ties, send official delegation to Beijing's BRI forum

09/04/19

Chu Daye

Global Times

Australia should see trade and investment ties with China in a positive light and promote sound development of the diplomatic relationship, as well as send a high-level delegation to attend the second Belt and Road Forum for International Cooperation to be held in Beijing later this month, Chinese analysts said on Tuesday.

The comments followed a report by KPMG on Monday showing a sharp decline in Chinese investment to Australia against an overall rising trend of Chinese overseas investment around the world.

Chinese investment to Australia dropped a sharp 37.6 percent to \$6.2 billion in 2018, its lowest level since 2011, the report said.

A marked decline in the willingness of Chinese state-owned enterprises to invest in Australia and the fact that much of the money allocated for the Belt and Road Initiative (BRI) was shifted to countries in Asia and Europe were behind the declining trend, media reported on Monday, citing Doug Ferguson, a partner at KPMG and author of the report.

Read more: <http://www.globaltimes.cn/content/1145275.shtml>

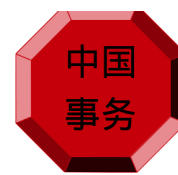
11. Australian coal in the frontline of China's supply glut

09/04/19

Michael Smith

Australian Financial Review

Australian coal will be hardest hit as China cuts foreign imports of its key energy source to tackle oversupply, and implements policies favouring domestic suppliers and cleaner alternatives.



That's the warning from industry officials, traders and miners, who told a major coal conference in Shanghai on Tuesday that China's cuts to Australian coal imports would be greater than from other suppliers such as Indonesia and Russia, confirming the fears that existing restrictions and delays would drag on.

While officials denied import restrictions were politically motivated, Chinese coal traders said privately Australian exports was being targeted. One trader said Australian coal was now banned at all ports in China, but two others said the situation was unclear and coal was still getting through.

Read more (Paywall): <https://www.afr.com/news/world/asia/australian-coal-in-the-frontline-of-china-s-supply-glut-20190409-p51c9o>

12. 'Connecting our best minds': Major boost to Australia-China science ties

10/04/19

Kirsty Needham

The Sydney Morning Herald

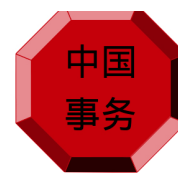
The Morrison government has moved to strengthen Australia's science links with China, announcing \$4.7 million in research grants for five joint university research centres.

The funding to each new centre will be matched by the Chinese government.

Industry, Science and Technology Minister Karen Andrews said global relationships increased Australia's scientific research capacity and opportunities for Australian research to be commercialised.

"This funding will help these world-class Australian research institutions build links with China – an important collaborative partner for Australia in science and research," she said.

The joint research centres, focused on health technology and energy security, are being announced after applications were invited from universities under a program announced by the federal government during Chinese premier Li Keqiang's visit to Australia in March 2017.



Read more: <https://www.smh.com.au/world/asia/connecting-our-best-minds-major-boost-to-australia-china-science-ties-20190409-p51cdg.html>

13. Wedding photo reveals Bill Shorten's relationship with Huang Xiangmo

10/04/19

**Simon Benson
The Australian**

Bill Shorten is facing further scrutiny over his relationship with a Chinese businessman and former ALP donor with links to the Chinese Communist Party Huang Xiangmo following the release of photographs of the Labor leader attending the wedding of Mr Huang's daughter.

The photographs emerged following a refusal by Mr Shorten's office to explain a lunch he attended with Mr Huang in 2015 after the Chinese billionaire made a \$55,000 donation to the Labor Party.

Attorney-General Christian Porter said the photographs showed the "depth" and extent of the relationship between Mr Shorten and Mr Huang.

Mr Huang was denied entry back into Australia by the Morrison government earlier this year after leaving Australia for an offshore trip. His permanent residency visa was cancelled. Security agencies are believed to have held concerns about Mr Huang's links to the Chinese Communist Party.

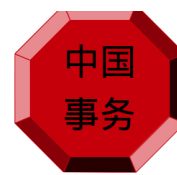
Read more: <https://www.sbs.com.au/news/shorten-attended-huang-family-wedding-as-he-and-pm-downplay-chinese-interference>

14. Chinese Australians our strength in understanding modern China

10/04/19

**Lisa Davies
The Sydney Morning Herald**

A golf club in the west of Sydney. A community newspaper sponsoring a New Year event. The visa of a political donor. The fate of a detained author. A series of meetings that seemed to turn cash payments into unrivalled access to key decision makers – including cabinet ministers Peter Dutton and Christopher



Pyne. The series of stories published by the Herald in the past week help us understand a much larger picture of the Australia-China relationship.

It is a relationship that tends to be calculated in the millions and indeed billions, whether we are talking about tourists and students coming to this country or export dollars. When the Labor Party opposed an extradition treaty with Beijing in 2017, top Chinese official Meng Jianzhu is reported to have warned that "it would be a shame if Chinese government representatives had to tell the Chinese community in Australia that Labor did not support the relationship between Australia and China". As our reporter Nick McKenzie has revealed, when the Chinese consulate in Sydney put pressure on Georges River Council not to include the Vision China Times newspaper in its Lunar New Year event, it used the same terms.

Read more: <https://www.smh.com.au/national/chinese-australians-our-strength-in-understanding-modern-china-20190409-p51ci0.html>

15. China turns tables in 5G stoush, lashes Australia over 'backdoor access' under new encryption law

11/04/19

Glenda Korporaal
The Australian

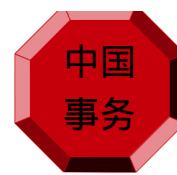
China's Foreign Ministry has hit out at Australia's telecommunications policy, claiming that a new law passed last year forces telecommunications companies to give "backdoor access" to the federal government which could "severely impact" the business environment in Australia.

"Forcing companies to install backdoors through legislation means protecting one's own security and interests at the expense of other countries' security and their people's privacy," China's Ministry of Foreign Affairs spokesman Lu Kang said last night.

"Such practices will severely impact the business environment and international co-operation in the telecommunications industry," he said.

"China is closely following the relevant move," he said.

"Those in the industry have raised serious concerns."



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Mr Lu said the Telecommunications and Other Legislation Amendment (Assistance and Access) Bill, passed last year in Australia, forced telecommunications companies to install backdoor access for the Australian government.

Read more (Paywall): <https://www.theaustralian.com.au/business/china-turns-tables-in-5g-stoush-lashes-australia-over-backdoor-access-under-new-encryption-law/news-story/a2ec3fa1e9605965fa5c569acff193b4>

16. Economic diplomacy: Japan investment gazumps China, plus election on

11/04/19

Greg Earl

The Interpreter

There was a time when Asian investment in Australia was all about getting access to scarce resources and if Australia really punched above its weight in regional affairs, it was due to its lucky endowment of iron ore, coal and gas.

The debate about how we best exert influence in the region (institutional architects versus efficient miners anyone?) can go on.

But two recent surveys of investment from Japan and China – which are now the second and fifth largest cumulative foreign direct investors in Australia – show how the landscape is really changing in interesting ways.

Smaller, newer and more private companies investing in a diverse range of industries are tending to supplant the traditional Japanese trading companies and the more recent Chinese state-owned enterprises (SOEs) that once dominated the scene with investment in resources projects.

Read more: <http://www.lowyinterpreter.org/the-interpreter/economic-diplomacy-japan-investment-gazumps-china-plus-election>

17. Australia could be the big loser in a US-China trade deal, not that Donald Trump seems to care

11/04/19

Bob Carr



South China Morning Post

"Let's keep our fingers crossed". That was the response of US President Donald Trump's ambassador, Arthur B. Culvahouse Jr, to a question vital for Australia: what happens if the US and China strike a trade deal that boosts Chinese purchases of American goods by cutting back on imports from Australia?

Vital because China soaks up one-third of Australian exports. The Australian budget released last week was replete with tax cuts; the nation has gone more than 25 years without a recession. Australia would not be boasting this without access to China's growth.

The US ambassador's response confirms that the Trump administration wants to close the US\$400 billion trade gap with China and, in a settlement between the world's biggest economies, Australia's interests won't count.

Read more: <https://www.scmp.com/comment/insight-opinion/article/3005496/why-australia-could-be-big-loser-us-china-trade-deal>

18. China's coal industry lashes Australia for 'irresponsible comments'

12/04/19

Kirsty Needham

The Sydney Morning Herald

A Chinese coal industry official has criticised Australia for biting the hand that feeds it at a coal conference in Beijing, a rare public acknowledgement that diplomatic tensions could be the cause of slowing trade.

"You can't earn Chinese money and then politically make irresponsible comments about China and become unfriendly," said Cui Pijiang, director of the China Coking Industry Association.

"I'm afraid ... this is something the Chinese government can't tolerate."

The unloading of Australian coal at Chinese ports has slowed since January, hitting prices, but the Chinese government has denied any ban on Australian coal.



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Instead, China's foreign ministry has pointed to tougher environmental inspections as the cause.

Read more: <https://www.smh.com.au/world/asia/china-s-coal-industry-lashes-australia-for-irresponsible-comments-20190411-p51dbh.html>