

## Media Roundup Issue 122 (18/05/19 – 24/05/19)

### 1. Labor vows 'better national discussion' on the China challenge

**18/05/19**

**David Wroe**

**The Sydney Morning Herald**

Labor has vowed to initiate "a better national discussion" about Australia's increasingly complicated relationship with its largest trading partner, China, if it wins Saturday's federal election.

And Foreign Minister Marise Payne has touted the Coalition's record ahead of the poll, saying the government has "set out what is the most comprehensive and progressive foreign policy agenda in a generation".

Despite rising trade tensions between Washington and Beijing, foreign policy has featured little in this election campaign. But Labor's foreign affairs spokeswoman, Penny Wong, said Labor would "provide the leadership needed to define and navigate the new phase of the relationship with China".

[...]

Allan Gyngell, a former head of intelligence agency the Office of National Assessments and now an honorary professor at the Australian National University, said the "international order that Australia's been extremely comfortable in for 70 years has ended".

"Something new is coming but it's not yet clear what it is," he said. "Australia has to be extremely engaged and alert and attentive to an international system, which is changing around us."

Read more: <https://www.smh.com.au/federal-election-2019/labor-vows-better-national-discussion-on-the-china-challenge-20190517-p51ohd.html>

*Allan Gyngell is a member of the China Matters Board of Directors.*

### 2. 'Uncharted territory': WeChat's new role in Australian public life raises difficult questions

**19/05/19**

**Michael Walsh and Bang Xiao**  
**ABC News**

As more Australian politicians and media organisations sign up to the Chinese social media mega-app WeChat, questions are being raised about its new place within Australia's democracy.

There are concerns politicians using WeChat may have to self-censor their comments, avoiding criticism of China and dodging other topics Beijing finds sensitive.

Prime Minister Scott Morrison and Opposition Leader Bill Shorten both use WeChat to communicate with Chinese-Australian voters, while several media organisations including the ABC, SBS and the Australian also have accounts.

But the news stories posted on WeChat aren't always the same ones making headlines in Australia.

Read more: <https://www.abc.net.au/news/2019-04-19/wechats-new-role-in-australian-politics-raises-questions/11031878>

### 3. Australia's China Challenge

**20/05/19**  
**Damien Cave**  
**The New York Times**

In a gold-curtained meeting room in Sydney, the Chinese consul general appealed to a closed-door gathering of about 100 people, all of them Australian residents and citizens of Chinese ancestry.

He called on the group to help shape public opinion during a coming visit of China's prime minister, Li Keqiang, in part by reporting critics to the consulate. Rallies in support of China should be coordinated, he suggested, and large banners should be unfurled to block images of protests against Beijing.

"We are not troops, but this task is a bit like the nature of troops," said the diplomat, Gu Xiaojie, according to a recording of the session in the consulate obtained by The New York Times and verified by a person who was in the room. "This is a war," he added, "with lots of battles."

The previously unreported meeting in March 2017 is an example of how the Chinese government directly — and often secretly — engages in political activity in Australia, making the nation a laboratory for testing how far it can go to steer debate and influence policy inside a democratic trade partner.

[...]

The problem, current and former Australian officials say, is the Chinese government rarely discloses its lobbying activities. Australian businesses linked to China often lean on politicians without public scrutiny, leading security agencies to warn about Beijing manipulating politics.

"In no country is there such a profound rift between business community and security," said Linda Jakobson, founding director of China Matters, a nonprofit policy group based in Sydney.

*Read more (Paywall):*

<https://www.nytimes.com/2019/05/20/world/australia/australia-china.html>

#### 4. Chinese state media says shock federal election victory will impact China-Australia relations

**20/05/19**  
**ABC Staff**  
**ABC News**

China's state-owned media outlet Global Times has released an editorial saying it is "far from optimistic again" about Chinese-Australian relations after Prime Minister Scott Morrison's unexpected election win.

In an editorial posted to the newspaper's official WeChat account just after midnight following the election, the newspaper said Chinese people were concerned about the impact Mr Morrison's election would have on foreign relations.

"This election result also means that China-Australia relations, which have deteriorated in recent years under the leadership of the ruling Coalition formed by the Australian Liberal Party and the National Party, will continue to have uncertain prospects," the editorial read.

"According to the statements made by the Australian media and some Labor Party politicians before the election, it seemed that if the Labor Party wins the election, the party will bring some positive changes to the China-Australia relations."

[...]

Global Times also pointed to comments made by former Australian ambassador to China, Geoff Raby, who wrote in the Australian Financial Review to re-evaluate a ban on Huawei.

"As a priority, a Labor government should instruct the bureaucracy to identify which parts of a 5G network can be opened to tendering," he wrote.

Read more: <https://www.abc.net.au/news/2019-05-19/china-state-media-reaction-to-australian-election-result/11128458>

*Geoff Raby is an Associate of China Matters.*

## 5. Morrison to face pressure from Beijing on Huawei, Belt and Road

**20/05/19**

**Michael Smith**

**Australian Financial Review**

China will use the re-election of the Morrison government to pressure the Coalition to rethink its ban on telecommunications giant Huawei and consider signing up for the Belt and Road infrastructure initiative if it wants to improve Sino-Australian relations.

Prominent academics in China and Australian sources said Mr Morrison would be expected to take "concrete measures" to demonstrate to Beijing he was serious about improving the relationship with Australia's biggest trading partner.

While Beijing officially does not favour either of Australia's main political parties, it is believed Beijing was supportive of a Labor win because it saw a change of government as an opportunity to reverse some of the Coalition's policies towards China based on security fears.

[...]

Mr Morrison has sought to mend fences with Beijing with the establishment of a \$44 million foundation charged with managing the relationship. He also appointed Graham Fletcher, a diplomat with extensive China experience, as Australia's next ambassador to the country.

Read more (Paywall): <https://www.afr.com/news/world/asia/morrison-to-face-pressure-from-beijing-on-huawei-belt-and-road-20190519-p51oye>

Graham Fletcher is a member of the China Matters Advisory Council.

## 6. Beijing pressures new Morrison government over Huawei

**20/05/19**

**Primrose Riordan  
The Australian**

The election result will not improve Australia's relations with Beijing, says editor-in-chief of -nationalist tabloid *The Global Times*, Hu Xijin, as analysts speculate that China is trying to pressure a new Morrison government to shift its position on issues such as Huawei.

Since Australia banned Chinese company Huawei from supplying the country's 5G network last year, restrictions have been placed on Australian coal entering China and Australian-Chinese writer Yang Hengjun, arrested in January, has been detained in -solitary confinement as his health -deteriorates.

An editorial in Mr Hu's state-run newspaper said any Australian government had a "long way to go" to improve the bilateral relationship while he singled out the Huawei decision as the cause of the deterioration.

"(The) Australian election result will continue (the) current poor relations (with) China," Mr Hu tweeted.

"Canberra took the lead among Western countries to boycott -Huawei, plus a series of anti-China decisions, making (China) believe Australia is the most radical Western country in helping the US suppress China."

Read more (Paywall): <https://www.theaustralian.com.au/nation/politics/beijing-pressures-new-morrison-government-over-huawei/news-story/faed0617cf631af3608ef31338b3fca3>

## 7. Trump's tariffs may chase Chinese away from US LNG to Australian gas

**20/05/19**

**Cole Latimer  
The Sydney Morning Herald**

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

Australia's booming LNG sector is set to benefit from the increasing trade tensions between the United States and China, with potential delays to US projects forcing Beijing to look at Australia to fill the gaps in its rising gas demand.

Tensions between the two countries deepened this week after US President Donald Trump threatened to slap China with an additional \$US300 billion (\$435 billion) in tariffs. China retaliated by raising its own import tariffs, including lifting imposts on US LNG from 10 per cent to 25 per cent, starting on June 1.

US LNG exports to China have already fallen 80 per cent, down to just four cargoes, this financial year compared with this time last year. China has no tariffs on US oil.

In 2018, China imported 23 million tonnes of LNG from Australia, about 42 per cent of the country's total LNG exports. China was expected to import about 3 million tonnes of LNG from the US this year, before the tariffs.

Read more: <https://www.smh.com.au/business/the-economy/trump-s-tariffs-may-chase-chinese-away-from-us-lng-to-australian-gas-20190516-p51nz5.html>

## 8. Analysis: Australia can have a pro-China and pro-U.S. policy

**20/05/19**  
**Chu Xiaoji**  
**CGTN**

On May 18, incumbent Australian Prime Minister Scott Morrison's party just won the federal election. As one of the Asia-Pacific region's most important relationships, Australia's relationship with China was one of the important topics in the election. What is its nature, and what will its future be?

Nicholas Reece, a principal fellow of the School of Government, University of Melbourne, thinks that with the Australian Liberal Party's recent election victory, the relationship between Australia and China will be strengthened and improved. There will be benefits for the close trade relationship between the two countries, and all the interactions between the two countries' citizens, through studying abroad and immigrating.

"China has been Australia's biggest trading partner; it is also the biggest source of new immigrants. Their relations are growing," Reece told CGTN.

Reece believes that the key factor undergirding the stable development of the Australia-China relationship is the closeness of the two countries' people-to-people relations.

Read more:

<https://news.cgtn.com/news/3d3d774e7a41444f34457a6333566d54/index.html>

## 9. Special report - Hobbling Huawei: Inside the U.S. war on China's tech giant

**21/05/19**

**C. Bryan-Low, C. Packham, D. Lague, S. Stecklow and J. Stubbs  
Reuters**

In early 2018, in a complex of low-rise buildings in the Australian capital, a team of government hackers was engaging in a destructive digital war game.

The operatives – agents of the Australian Signals Directorate, the nation's top-secret eavesdropping agency – had been given a challenge. With all the offensive cyber tools at their disposal, what harm could they inflict if they had access to equipment installed in the 5G network, the next-generation mobile communications technology, of a target nation?

What the team found, say current and former government officials, was sobering for Australian security and political leaders: The offensive potential of 5G was so great that if Australia were on the receiving end of such attacks, the country could be seriously exposed. The understanding of how 5G could be exploited for spying and to sabotage critical infrastructure changed everything for the Australians, according to people familiar with the deliberations.

Read more: <https://www.reuters.com/article/us-huawei-usa-5g-specialreport/special-report-hobbling-huawei-inside-the-u-s-war-on-chinas-tech-giant-idUSKCN1SR1EU>

## 10. Australia now needs to consider Australia a partner, not customer

**21/05/19**

**SCMP Editorial  
South China Morning Post**

Opinion polls predicting a change of government right up to the eve of Saturday's Australian election would have been music to the ears of those hoping for improved relations with China. The real vote struck a more discordant note, with wrong

forecasts of a win for the Labor Party opposition adding to a patchy predictive record by polls recently, including in US President Donald Trump's election and the Brexit vote. Voters swept the conservative Liberal-National coalition of Prime Minister Scott Morrison back into office.

Labor had promised a "more considered" policy towards China. There remains plenty of room for it. Relations have been ruffled by legislation against foreign interference in Australian politics that targeted China, and the cancellation of permanent residence for billionaire developer, China lobbyist and political donor Huang Xiangmo, on national security grounds, to mention just two examples of tension.

Whereas Labor's shadow foreign minister Penny Wong had tried a different approach towards China during the election campaign by saying it did not "pre-emptively frame China only as a threat", Morrison's answer to a question about balancing relations with the United States and China – that there was no need to choose between a "friend" and a "customer" – went down badly on social media.

Read more: <https://www.scmp.com/comment/insight-opinion/article/3011201/australia-now-needs-consider-china-partner-not-customer>

## 11. Morrison's China problem grows as investment in Australia slumps

**21/05/19**

**Jason Scott**  
**Bloomberg**

Chinese investment in Australia is in free fall, adding to Prime Minister Scott Morrison's economic challenges at a time he's trying repair relations with its biggest trading partner.

After reaching a peak of A\$15.8 billion (\$10.9 billion) in 2016, Chinese inflows into Australia slumped to A\$9.6 billion in 2017 before plunging to A\$4.8 billion last year, according to Australian National University data released on Tuesday.

While Beijing-ordered capital controls are impacting the nation's foreign investment worldwide, Morrison -- who won an unexpected third term in elections Saturday -- will be concerned at the pace of the downturn amid signs the local economy is slowing. Trade tensions between China and the U.S., Australia's main ally, complicates the prime minister's bid to fix strained ties.

[...]



Peter Leahy, Australia's former army chief and now director of the University of Canberra's National Security Institute, called on Morrison to conduct a national discussion on Australia's relations with China. He said the prime minister needs to produce strategies to deal with future potential conflicts, including deciding where the "red lines" are in the relationship.

"We've done well because of Chinese trade and investment," Leahy said. "China has alternate sources of materials -- we need them a whole lot more than they need us. I wouldn't like to see us as the global whipping boy for China to point to and say 'this is what happens if you don't behave'."

Read more (Paywall): <https://www.bloomberg.com/news/articles/2019-05-21/morrison-s-china-problem-grows-as-investment-in-australia-slumps>

*Peter Leahy is a member of the China Matters Advisory Council.*

## 12. Chisholm elects first female Chinese-Australian MP but historic win leaves a community divided

**22/05/19**

**Stephen Dziedzic**

**ABC News**

After a frenetic campaign and a long count, Chisholm has finally made history.

Liberal Gladys Liu will become the first Chinese-Australian woman to sit in Federal Parliament's Lower House after notching a surprise victory in the suburban Melbourne seat, securing Scott Morrison a majority Government.

[...]

Chisholm wasn't only the tightest lower house contest in Victoria; it was also a fascinating test of which major party is winning the battle for hearts and minds in a nation transformed by immigration.

Both Labor and the Coalition mounted an intense campaign for votes inside the seat's large Chinese-Australian community.

Analysts mused about how the foreign interference debate or the Coalition's hawkish stance towards Beijing might sway the outcome, but those who knocked on doors in Chisholm say most Chinese-Australians were firmly focussed on issues closer to home.

Read more: <https://www.abc.net.au/news/2019-05-21/australia-elects-first-chinese-australian-female-mp-lower-house/11126624>

### 13. New concerns over WA Government Huawei public transport contract after US supply crisis

**22/05/19**  
**David Weber**  
**ABC News**

The WA Government is facing new calls to review Huawei's contract to supply communications technology for WA's public transport system as the Chinese tech company faces a supply crisis in the United States.

United States President Donald Trump last week signed an executive order declaring a national emergency and barring US companies from using telecommunications equipment made by firms posing a national security risk.

This essentially forced a ban on certain firms from cooperating with Huawei.

The fallout of the move became clearer when tech giant Google announced a shock decision yesterday to suspend business operations with Huawei, potentially restricting the company's smartphones from accessing Google's Android operating system.

But in a softening of the Trump administration's hard-line stance, the US Commerce Department has now granted Huawei a temporary three-month licence to buy American goods.

Read more: <https://www.abc.net.au/news/2019-05-22/wa-huawei-public-transport-contract-fresh-concerns/11135360>

### 14. Huawei ban ups the ante for Australia

**22/05/19**  
**Jennifer Hewett**  
**Australian Financial Review**

The latest showdown between China and the US over Huawei is likely to puncture Australian business hopes for some easing in Australia's tense political relationship with China.

A swag of business leaders, as well as Australia's new trade minister, are expected to head to China next week for what has become an annual AFL fixture in Shanghai on June 2, with meetings and events planned around it. It's become a practical if modest step in trying to improve the general tone and mutual engagement after a difficult period between the two governments.

Yet Australia will become deeply entangled in the deepening row given China points to it as the only other country to place an outright ban on any role for the telco equipment giant in the roll out of 5G. Chinese authorities are particularly aggrieved Canberra did so in such a public manner and continues to firmly state its view about national security risks. The US dramatically upping the ante on Huawei's global business making it even more important to berate Australia as an outlier, following American bidding.

Read more (Paywall): <https://www.afr.com/business/telecommunications/huawei-bans-ups-the-ante-for-australia-20190522-p51q6g>

## 15. Blocking Huawei from Australia means slower and delayed 5G – and for what?

**23/05/19**

**Stanley Shanapinda**  
**The Conversation**

The United States and Australia are deliberately restricting the place of Chinese telco Huawei in their telecommunications landscapes.

We're told these changes will be worth it from a security point of view.

But Huawei infrastructure is already ubiquitous in telecommunications networks, and we have other avenues available to us if we're concerned about cybersecurity.

In the end, halting involvement of Huawei in Australia will be felt directly by customers. We will have to be satisfied with below-par 5G internet speeds and delayed service rollouts.

And we probably won't be able to use Google Play on Huawei smart phones after 2020.

Read more: <https://theconversation.com/blocking-huawei-from-australia-means-slower-and-delayed-5g-and-for-what-117507>

## 16. Getting the Australia–China relationship right

**23/05/19**

**Peter Drysdale**

**East Asia Forum**

There's no more important issue for Australia at this time in the history of its international economic and foreign affairs than to get the relationship with China right. It's an issue that went through to the keeper during the election. But for the new Morrison government, forging a viable, credible strategy in its dealings with China will be a priority that plays into all its foreign relations strategies, prominently also with the United States.

Despite negative commentary about the health of the Australia-China relationship, the trade and economic partnership has thrived over the past few years.

Australia-China goods trade topped \$192 billion in 2018 having grown more than five times as fast as the world average. This remarkable growth was largely due to strong Australian commodity exports and impressive trade diversification.

Australia's share of Chinese iron-ore imports was 60 per cent in 2018. Chinese external procurement of iron ore rose to 90 per cent of its consumption, up from 83 per cent in 2014. Australia's share of Chinese coal imports rose to a record 54 per cent in 2018, up from 48 per cent in 2014. China's coal imports from Australia grew 9.8 per cent year-on-year, despite China's reportedly tightening import restrictions on coal in late 2018.

Read more: <https://www.eastasiaforum.org/2019/05/23/getting-the-australia-china-relationship-right/>