

Media Roundup Issue 7 (11/02/17 – 17/02/17)

1. Donald Trump softens line on Japan and China

12/02/17

John Kehoe

Australian Financial Review

US President Donald Trump at the weekend committed to bolstering security and trade dealings with Japan and Pacific allies - such as Australia - and seek co-operation with China, in what represents a backdown from his past inflammatory and nationalist rhetoric on American engagement in Asia.

Mr Trump's about-face in the middle of a two-day visit by Japanese Prime Minister Shinzo Abe, and following what he described as a "very, very good" phone call with Chinese President Xi Jinping, will ease fears in the region about a possible US retreat from Asia or clash with Beijing.

Foreign policy analysts said the new US Commander in Chief's performance on Friday in Washington was by far his most presidential, even as they acknowledged that he was outmanoeuvred by Mr Xi. The Chinese leader forced Mr Trump to back down on questioning the One China policy on Taiwan.

Read More: <http://www.afr.com/news/politics/world/donald-trump-softens-line-on-japan-and-china-20170211-guavcg>

2. Australia uneasy over Chinese influence in PNG amid increasing infrastructure investment

12/02/17

Eric Tlozek

ABC News

In the mountains near Port Moresby, a new road and new steel bridge mark the site of Papua New Guinea's most recent hydroelectricity project.

The \$260 million Edevu Hydro Project is a private development, but PNG Government ministers say it is being funded by the China Development Bank.

The project is one of several major infrastructure developments in PNG funded or built by the Chinese Government.

"It will be a development for the local economy," China's ambassador to PNG, Li Ruiyou, said at the launch.

"It will be beneficial for the local people and it also will be a promotion for the cooperation between the two countries"

Read More: <http://www.abc.net.au/news/2017-02-12/australia-uneasy-over-chinese-investment-and-influence-in-png/8263384>

3. Julie Bishop shifts Australia's stance on South China Sea

12/02/17

Geoff Raby

Australian Financial Review

The civility, but not warmth, on display at last week's joint-press conference by Australian and Chinese foreign ministers Julie Bishop and Wang Yi was in stark contrast to the acrimony when Bishop made her bilateral visit to Beijing in 2015. Then, our Foreign Minister had to defend herself from an unusual, most undiplomatic, public rebuke from Wang over her excessively strident comments on the South China Sea dispute.

Since then, China has continued to ramp up its presence in the disputed areas, including the installation of missile batteries on an artificially constructed islet, and brazenly snubbed the ruling by The Hague tribunal on the Law of the Sea. In July last year, the Prime Minister Malcolm Turnbull and the Foreign Minister got well ahead of other regional countries, and even, in public, the United States, by lecturing China on its obligations to implement The Hague decision.

At the time, the position of the Australian government was strikingly contradictory. While demanding that China adopt The Hague findings – proceedings in which China had refused to participate – Turnbull and Bishop also declared Australia was "neutral" in the dispute over territories and therefore, incredulously, did not take sides.

China of course has taken no notice of this. It has continued to ignore The Hague ruling while admonishing Australia for being partisan in the dispute. It has

hardly been a red-letter day for Australia's regional diplomacy in the area that matters most to Australia's national interests.

Read More (Paywall): <http://www.afr.com/opinion/columnists/julie-bishop-shifts-australias-stance-on-south-china-sea-20170211-guaw7s>

4. How Australian wines breached the Grape Wall of China

12/02/17

Helen Clark

South China Morning Post

Chinese drinkers are showing an increasing thirst for Australian wines, making them the toast of exporters whose businesses are benefitting from the discerning palates of the country's growing middle class and a multitude of buying options.

Australian wine exports to China grew 51 per cent in the 12 months up to September last year, making Australia the top exporter to China by value and second by volume, after France. China in turn is Australia's top market, surpassing the United States last year.

China's growing middle class, its varied and increasingly sophisticated market and a wealth of online buying options – offered by websites such as [yesmywine.com](http://www.yesmywine.com) and [wine-world.com](http://www.wine-world.com) – are driving the growth, which has risen from A\$27 million (HK\$160 million) 10 years ago to A\$474 million.

Read More: <http://www.scmp.com/week-asia/business/article/2068800/how-australian-wines-breached-grape-wall-china>

5. Chinese tourists drive tourism record, more than two arrivals per minute

13/02/17

Jackson Gothe-Snape

SBS

More than one million Chinese visitors to Australia have delivered the local tourism industry a record year in 2016.

In total, 8.3 million visitors came to Australia for a short-term stay during the year - up by almost one million on 2015.

New Zealand was the largest source country for arrivals - 1.3 million Kiwis crossed the Tasman Sea for trips in 2016. Over the past decade, New Zealand visits have grown by a quarter.

Second on the list, and closing the gap on New Zealand, was China with 1.2 million. In the past decade, Chinese tourism has grown by 284 per cent.

Dr Patrick L'Espeir Decosta from the Australian National University told SBS News in January that years of work positioning Australia as an attractive travel destination for overseas visitors is being rewarded as growing wealth in China and India drives tourism spending.

Read More: <http://www.sbs.com.au/news/article/2017/02/13/chinese-tourists-drive-tourism-record-more-two-arrivals-minute>

6. US shows off military might in Australia's top end

13/02/17

**Robyn Ironside
Daily Telegraph**

THE arrival of 12 of America's deadliest stealth fighters in Australia could be seen as the United States sending a message to China about its military might.

The F-22 Raptors touched down at the Royal Australian Air Force base at Tindal in the Northern Territory on Saturday, for the first Enhanced Air Cooperation activity in Australia.

Combined with tough talking US Pacific Command Admiral Harry Harris, the decision to send a full squadron of F-22s to the southern edge of Asia was "strategically significant".

Read More (Paywall): <http://www.dailytelegraph.com.au/news/national/us-shows-off-military-might-in-australias-top-end/news-story/75d3e1cf3d62fca3ef7d915ebb8a04d0>

7. Canberra's struggle to manage in the world of Donald Trump

13/02/17

Allan Gyngell

Australian Financial Review

Around the world, political leaders, foreign ministries and defence establishments are trying to work out what the Trump administration means for them and how they should deal with it. The dilemma is sharper in Canberra than many other places, because the expectations of the US alliance are so deeply set and smoothly honed. "We have no closer relationship," each side whispers to the other. "We have fought alongside you from the Battle of Fromelles in 1918 to the struggle against ISIS in Iraq," Australian politicians remind their US counterparts.

But the phone call two weeks ago between President Trump and Prime Minister Turnbull revealed to the public a concern that was already preoccupying Canberra policymakers. This administration is clearly different from any Australia has experienced since the ANZUS Treaty was signed in 1951. The transformation of one of the pleasant rituals of the alliance – first contact between president and prime minister – into a bad-tempered exchange that was then leaked to the press was an alarming reminder of that difference.

Read more (Paywall): <http://www.afr.com/opinion/columnists/canberra-struggles-to-come-to-grips-with-trumpworld-20170213-gubh0p>

8. KPMG warns of Chinese property defaults

15/02/17

Glenda Korporaal

The Australian

China's crackdown on capital outflows could hit the Australian property market, with private Chinese investors having potential problems settling on deals, KPMG's China experts warned yesterday.

"There might be some problems in the residential real estate property markets in Australia and other centres where Chinese have been buying property," KPMG's head of financial services in China, Simon Gleave, told *The Australian*.

Mr Gleave said the market was still watching to see the full implications of tighter controls on capital outflows announced late last year by Chinese government departments.

Read More (Paywall): <http://www.theaustralian.com.au/business/financial-services/kpmg-warns-of-chinese-property-defaults/news-story/469b110110df2db41f5b6e5a6f064e10>

9. Taking the 'Chinese' out of Chinese investment in Australia

15/02/17

Ying Staton

The Strait Times

The island state of Tasmania lies off the southern coast of mainland Australia and is known for having the cleanest air in the world, fertile farmland and coastal waters abundant with seafood. This month, Tasmania will get its first direct international flight. The destination is Ningbo in northern China, and the plane will carry not people, but milk.

Chinese investment is transforming Tasmania. Chinese President Xi Jinping's visit to the island in November 2014 unleashed a surge of investment activity. In February last year, the Australian Foreign Investment Review Board approved the sale of Australia's largest dairy to Moon Lake Investments. The Chinese entity paid US\$200 million (S\$283 million) in cash for the dairy which stretches over 19,000ha of pastoral land in Tasmania.

Milk from the dairy will be flown weekly direct to Ningbo. Seafood is another key industry in Tasmania; abalone divers in the state can fetch double for their catch compared with five years ago, thanks to Chinese demand. More than 90 per cent of Tasmania's abalone and lobster catch already goes to China, and exports will be further boosted by the China-Australia free trade agreement, under which tariffs on both abalone and lobster will be eliminated by 2019.

New hotels are springing up around the state, funded by Chinese (as well as some Singaporean) investors. Five years ago, most visitors came from Britain and the United States; today, by far, the largest groups come from China and Hong Kong.

Read More: <http://www.straitstimes.com/opinion/taking-the-chinese-out-of-chinese-investment-in-australia>

10. CEOs turn from China to Donald Trump's US

15/02/17

Patrick Durkin

Australian Financial Review

Chief executives are increasingly shifting from the slowing Chinese economy to refocus on the United States in the hope of riding the "Trump bump" for their business.

China had been ranked the No.1 country Australian CEOs consider most important for their company's overall growth since PwC began asking the question in their global annual CEO survey seven years ago.

However, the crisis at infant formula maker Bellamy's, surprise regulatory changes that hit market darling Blackmores and major companies such as ANZ Banking Group and insurer IAG rethinking their China plans are causing CEOs to reconsider their offshore market priorities.

In contrast, property group Lendlease, toll road operator Transurban and building materials maker Boral are among the companies hoping to benefit from President Donald Trump's mooted \$1 trillion in infrastructure spending, which has put the US back in favour with Australian CEOs.

Read More (Paywall): <http://www.afr.com/news/economy/ceos-turn-from-china-to-trumps-us-20170214-gud7cl>