

## Media Roundup Issue 9 (25/02/17 – 03/03/17)

### 1. As China hits peak iron ore, miners look elsewhere for growth

**26/02/17**

**Angus Grigg**

**Australian Financial Review**

China has reached peak iron ore usage, which will force lower-grade producers such as Fortescue Metals Group to offer increasingly large discounts to steel mills, according to participants at China's main iron ore industry conference.

Peak iron ore was not supposed to happen for at least another decade, but Greg Pan, the chief executive of diversified miner and steel mill owner China Hanking Holdings, said there would be little to no growth in demand for foreign iron ore from mainland steel mills this year and the trend of imports displacing higher cost Chinese producers was largely over.

"People need to understand, from a growth perspective, China is no longer the main driver for iron ore," Mr Pan said on the sidelines of the Metal Bulletin conference in the port city of Dalian last week.

Read More: <http://www.afr.com/business/mining/iron-ore/as-china-hits-peak-iron-ore-miners-look-elsewhere-for-growth-20170226-gulhm9>

### 2. AWU set for action against Chinese 'dumping' of cheap steel

**27/02/17**

**Ewin Hannan**

**The Australian**

The Australian Workers Union will launch legal action to combat the dumping of cheap Chinese steel on to the Australian market, warning that the practice had put local manufacturing "on the brink of collapse".

Daniel Walton, the union's newly elected national secretary, told *The Australian* that local companies appeared to have lost \$200 million in work in the past 12 to 18 months because of Chinese dumping.

He said the union would lodge a complaint with the federal government's Anti-Dumping Commission on behalf of its members in the steel industry to "hold China accountable".

It will be the first time a union in Australia has made a complaint to the commission.

*Read More (Paywall):* <http://www.theaustralian.com.au/national-affairs/industrial-relations/awu-set-for-action-against-chinese-dumping-of-cheap-steel/news-story/ba5292f0951c5153c8c0736e3c98289e>

### 3. Live cattle trade to China growing

**27/02/17**

**Rowan Callick  
The Australian**

There's a great event in Shanghai today: the launch of Alland, the brand under which the beef cuts from Shanghai CRED's live cattle imports — the first by sea from Australia, recently arrived in Shandong province from Portland in western Victoria — will be marketed.

This is not part of a straight-line success story, however commendable the can-do spirit and the genuine Aussie-friendliness of genial Gui Guojie, who runs CRED out of Shanghai.

Many battles remain to be fought before the potentially massive Chinese market turns into a goldmine, however.

*Read More (Paywall):* <http://www.theaustralian.com.au/business/opinion/rowan-callick/live-cattle-trade-to-china-growing/news-story/4d2a7e6adcdca66dd22d4d945ead3dfc>

#### 4. Chinese investment in Australia soars to \$4.8bn

**27/02/17**

**Rowan Callick  
The Australian**

The Chinese government has reported that direct investment into Australia from China soared by 56 per cent in 2016 over 2015, to \$4.8 billion.

China's overall foreign direct investment grew at a record pace, by 44 per cent, but the rush of capital destined for Australia was 27 per cent faster than that.

The Vice-Minister for Commerce, Wang Shouwen, said the key sectors targeted by Chinese investors in Australia were real estate, leasing and other commercial services, and transportation.

He said the free trade agreement that came into effect 14 months ago "provides both countries with new mechanisms and platforms for economic and trade co-operation".

*Read More (Paywall): <http://www.theaustralian.com.au/business/economics/chinese-investment-in-australia-soars-to-48bn/news-story/1e3503d4940f69366e583448bf5fe0b7>*

#### 5. China market is more of a challenge

**27/02/17**

**Australian Financial Review**

Fifteen years ago, China accounted for just 5 per cent or so of Australia's exports. Now China takes close to one-third of our foreign sales. It now buys twice as much as Japan, our biggest market until as recently as 2009. Our new number one customer protected us from a post-global financial crisis recession and accounted for much of our national income growth, at least until the iron ore price peaked in 2012. But that also has left Australia highly leveraged to China's economic fortunes.

Now China's economic development model needs to change because its manufacturing export-led growth has penetrated so far into Western consumer

markets – helping to prompt an anti-globalisation backlash in the process. This new phase of growth will rely less on Australian iron ore and coal and more on middle class consumer demand, especially for services. One of the key questions for *The Australian Financial Review's* second annual Business Summit next week is whether Australian business can take advantage of this new phase, supplying the food, education, health, tourism and financial services that China increasingly will demand.

*Read More (Paywall):* <http://www.afr.com/opinion/editorials/china-market-is-more-of-a-challenge-20170226-gulv0y>

## 6. Avoid Aussie icons: FIRB boss's tips for China on investment

**01/03/17**

**Sue Neales**

**The Australian**

The Foreign Investment Review Board chairman has advised Chinese companies looking to buy farms and agricultural businesses to steer clear of bidding for Australian icons if they want to win government approval.

FIRB chairman Brian Wilson yesterday told a forum packed with officials from Chinese businesses involved in Australian agriculture that Scott Morrison's decision to veto the sale of the Kidman cattle empire to China's Shanghai Pengxin company had not been made "objectively" under FIRB guidelines.

Mr Wilson said the April 2016 rejection of the \$370 million Pengxin bid to buy Australia's largest privately owned cattle company fell into the "not necessarily" - objective category of decision-making, since the adjusted Chinese offer was not clearly contrary to the national interest.

He said the public outcry — and political reaction to it — had played a bigger role. "Because it was so iconic and so large, (the Kidman sale) caught the public imagination," Mr Wilson told the Australia China Business Council forum on Chinese investment in Australian agriculture yesterday.

*Read More (Paywall):* <http://www.theaustralian.com.au/national-affairs/avoid-aussie-icons-firb-bosss-tips-for-china-on-investment/news-story/5106ce5f467b9f35186ec1465549e4a6>

## 7. Paul Keating: overdue foreign policy review demands new focus on China

**01/03/17**

**Mark Kenny**

**Sydney Morning Herald**

Paul Keating has welcomed the Turnbull government's foreign policy review but dismissed the last two decades as wasted because policy had been based on the assessment that the US would be the major power of the region indefinitely.

Rather, he said, China was rapidly becoming the biggest economy in the world and was already the only global super-power actually situated in the region, making its growing influence both relevant and permanent.

Fairfax Media sought Mr Keating's views as Foreign Minister Julie Bishop drafts the final stages of a new foreign policy white paper, the first since the early years of the Howard government.

*Read More:* <http://www.smh.com.au/federal-politics/political-news/paul-keating-overdue-foreign-policy-review-demands-new-focus-on-china-20170301-gunwrq.html>

## 8. Dispelling the myths about Chinese investment

**01/03/17**

**Michael Smith**

**Australian Financial Review**

There is a perception in Australia that all Chinese companies have dark and sometimes sinister links to the central Chinese Communist Party. That view has filtered through to politics, which in turn means Chinese companies investing in Australian assets are scrutinised more closely than bidders from other parts of the world.

Growing support for the protectionism being pushed by Donald Trump and Pauline Hanson mean that situation is not about to change even though many of the ideas people have about Chinese companies are blown out of proportion and are often incorrect.

A report to be published on Thursday attempts to explain the differences between Chinese state-owned companies and private corporations, which now make up about 70 per cent of the country's industrial output following a massive privatisation process since the 1980s. While there are genuine concerns about corruption and the Chinese Communist Party's ability to exert its influence on private companies, many Chinese commercial entities are not run a lot differently from those in Australia or the United States.

*Read More (Paywall): <http://www.afr.com/brand/chanticleer/dispelling-the-myths-about-chinese-investment-20170301-gunvdt?btis>*

## 9. Aussies accepting farm sales to China

**02/03/17**

**Sue Neales**

**The Australian**

Australians are not as opposed to Chinese investors buying local farms and agricultural assets as often claimed, the Australia-China Relations Institute said.

Institute deputy director James Laurenceson said a survey by the group showed the Australian public was more nuanced and sophisticated about the benefits and disadvantages of greater foreign investment in agriculture by Chinese companies or wealthy individuals than many politicians appeared to think.

Professor Laurenceson told this week's Australia-China Business Council forum on agricultural investing that a public opinion survey conducted by his institute did not reveal a much greater xenophobia towards Chinese investors buying farms than any other foreign nationality.

He said while it was true the public was not thrilled by any foreign investment in Australian agriculture, the key to political and public acceptance appeared to lie in Chinese investors being prepared to reduce their stake in any successful bidding consortium as low as possible and practical.

*Read More: <http://www.theaustralian.com.au/business/in-depth/global-food-forum/aussies-accepting-farm-sales-to-china/news-story/60c00c83c4b137f6e775809e82e7dc04>*

## 10. China in line for long-awaited extradition treaty

**02/03/17**

**Primrose Riordan  
The Australian**

The Turnbull government will push ahead with ratifying an extradition treaty with China — making Australia the first of the “five eyes” intelligence alliance countries to do so.

Legislation to ratify the treaty will be tabled in parliament today, and the government hopes it will come into force by July.

The treaty is a major win for China, which has so far extradited hundreds of fugitives home under agreements with other nations.

It will help the Chinese government’s so-called “Operation Fox Hunt” which aims to return corrupt officials who have fled China for the West.

*Read More (Paywall): <http://www.theaustralian.com.au/national-affairs/foreign-affairs/china-in-line-for-long-awaited-extradition-treaty/news-story/d6688eb82a70ea1676e601fa6910ee16>*

## 11. China’s private companies are unjustly labeled as Communist Party plants

**02/03/17**

**Colin Hawes  
The Conversation**

Suspicion of Chinese corporations investing in Australia is not well justified when you consider the growth of private enterprise in China and the state of the Chinese Communist Party.

The fierce public debate about Chinese corporations investing in Australia is spurred by several misleading ideas about how much control the Chinese government has and its intervention with private businesses.

The fact is, massive privatisation has been ongoing in China since the 1980s, involving millions of business enterprises. Currently around 70% of Chinese

industrial output is now produced by non-state controlled business firms, and over 80% of the industrial workforce in China is now employed in the private sector.

Read More: <https://theconversation.com/chinas-private-companies-are-unjustly-labeled-as-communist-party-plants-73834>

## 12. Infrastructure key to boost Chinese tourism

**02/03/17**

**Lisa Allen**

**The Australian**

More than 40 per cent of Chinese inbound visitors to Australia say they will pursue a real estate acquisition, but the number of Chinese holiday makers arriving here is slowing.

International competition for Chinese visitors is intense and destinations such as the US, Switzerland, South Korea and Thailand have increased their share of Chinese tourists, while Australia's share is stagnating.

"Australia is only just holding its share of total Chinese outbound travel at around 1 per cent," according to global management consulting firm LEK.

"However, its share of Chinese long-haul travel has actually fallen slightly, from 7 per cent in 2009 to 6 per cent in 2014," LEK said. "Still, we can reasonably expect Australia to hit two million Chinese visitors per year by 2025."

Read More (Paywall):

<http://www.theaustralian.com.au/business/property/infrastructure-key-to-boost-chinese-tourism/news-story/19d480f88305813e1f1513bcd93568d3>



### 13. China's NPC to target zombie companies, property speculators

**02/03/17**

**Lisa Murray**

**Australian Financial Review**

Chinese President Xi Jinping has singled out property speculators, "zombie" companies and the under-regulated finance sector as areas of focus for the government ahead of the country's annual meeting of parliament, which starts on Sunday.

Every year in March around 3000 delegates descend on Beijing for the 10-day National People's Congress. While it is regularly dismissed as a rubber-stamp legislature, the NPC is one of the biggest political events on the Chinese calendar and a rare opportunity to see the leaders in action. It also allows the government to outline its policy priorities for the year.

Last year, Premier Li Keqiang made it very clear economic development was still the "central task", ranking ahead of structural reform. This was interpreted as a commitment to growth and triggered a strong rally in commodity prices.

However, this year with the economy on a firmer footing, helped along by a range of government stimulus measures, Mr Xi has flagged a renewed focus on "risk management".

*Read More (Paywall:)* <http://www.afr.com/news/policy/foreign-affairs/chinas-npc-to-target-zombie-companies-property-speculators-20170301-guokne>