

## Media Roundup Issue 18 (29/04/17 – 05/05/17)

### 1. China capitulationism: What's missing from Hugh White's China calculus

**28/04/2017**

**Clive Hamilton**

**APPS Policy Forum**

Imagine it's 1938 and an Oxford don is advising Britain on how to respond to an increasingly powerful Germany. He gives a public lecture setting out the strategic options but fails to mention the fact that Germany is ruled by a dictatorial, expansionist party bent on European domination. Instead, he speaks only of 'Germany' as if Germany under Bismarck, Germany under the Weimar Republic and Germany under the National Socialists were all the same. It's all just Germany, as if the nature of its government made no difference to its strategic aims and how Britain should respond.

Imagine too that the Oxford don admits he doesn't really know much about Germany, only that it's increasingly powerful. But, he argues, when we are dealing with great powers, the balance of power is all we need to know in order to craft a national strategy for dealing with it. He concludes that, because Germany is already dominant and will inevitably become more powerful still, Britain's only 'realistic' option is to appease and accommodate the regime.

This is the argument presented by Hugh White in his ANU public lecture 'China's Power and the Future of Australia'.

*Read More: <https://www.policyforum.net/china-capitulationism/>*

### 2. We need to talk about China

**04/05/2017 (in response to Hamilton's article above)**

**Hugh White** (China Matters Advisory Council member)

**APPS Policy Forum**

In a recent post, Clive Hamilton says I'm being too easy on China, and too cavalier about Australian values, in arguing, as I did recently, that Australia must

think rather more deeply than we have hitherto about how we are going to manage relations with a country whose power in Asia is unprecedented.

I argued that the scale of China's power over coming decades is going to make it very hard for us not to fall further and further under its sway, and that as that happens we will find ourselves challenged to decide how far, and in what ways, we are willing to compromise our interests, and our values, to conform to China's wishes. Those decisions must be based on prudent judgments about what it will cost us not to conform to China's wishes, and how willing we are to pay those costs.

*Read More:* <https://www.policyforum.net/need-talk-china/>

### 3. Populist alarm skews Chinese investment debate

**01/05/2017**

**Andrew Parker** (China Matters Board Director)

**The Australian**

Our public discourse on foreign investment, particularly Chinese investment, has become a fact-free zone. Commentary on national security in the lead-up to the Treasurer's approval of the sale of energy companies Duet Group and Alinta to two Hong Kong-based investors is a case in point.

Whether it is critical infrastructure, agricultural land or real estate, there is a steady flow of populist alarm and misinformation. The public deserves better — a lot better.

It's time to take a step back and remind ourselves why we have foreign investment and the vital role it plays in ensuring the health of our economy — ultimately we are talking about providing jobs.

*Read More (Paywall):*

<http://www.theaustralian.com.au/business/opinion/populist-alarm-skews-chinese-investment-debate/news-story/6e5e57e85a230d817b3252276e53ca05>

#### 4. Chinese investment in Australia surged 11.7 per cent to \$15.4b last year: report

**01/05/2017**

**Jason Scott**

**Sydney Morning Herald**

Chinese investment in Australia surged 11.7 per cent last year to \$15.4 billion amid booming demand for agricultural assets and infrastructure, according to a report released on Monday.

A record 103 deals were signed with Chinese companies in 2016, with 76 per cent of those reached with private firms, KPMG and the University of Sydney said in the report *Demystifying Chinese Investment in Australia*.

Australia, with a population of 24 million people and a land mass larger than India, relies on foreign investment to spur growth.

While Prime Minister Malcolm Turnbull's government blocked two key purchases by Chinese companies last year, citing national security, the report shows that the vast majority of deals are approved.

*Read More:*

<http://www.smh.com.au/business/china/chinese-investment-in-australia-surged-117-per-cent-to-154b-last-year-report-20170501-gvw8pc.html>

#### 5. Ex-TFS director behind Chinese sandalwood JV in talks with Quintis

**01/05/2017**

**Vesna Poljak**

**Australian Financial Review**

The backer of a Chinese joint-venture in advanced talks with Quintis to become its new preferred buyer in China is a former director of the Australian sandalwood grower.

Graeme Scott has held board seats on Quintis' finance arm Arwon Finance, Quintis Forestry, Quintis Leasing and the parent Quintis, which was known as TFS at the time. Those directorships concluded in 2005 and 2006 and he remains a shareholder of the Perth-based group.

Mr Scott is one of the parties behind a joint venture in China that is in negotiations with Quintis to become potentially its biggest buyer in China, following a disclosure in March that Quintis' largest buyer had yet to place an order this year amid a crackdown on duty avoidance by mainland importers.

*Read More (Paywall):*

<http://www.afr.com/business/agriculture/crops/extfs-director-behind-chinese-sandal-wood-jv-in-talks-with-quintis-20170501-gvw2ij>

## 6. Interview: Australia-China fintech links moving forward

**02/05/2017**

**Matt Walsh**

**Xinhua**

Two-way trade between Australia and China is being typified by the growth in the financial technology (fintech) sector after Australian start-up Airwallex said it raised 13 million U.S. dollars from backers – including from China – to help fund its business.

The total funding for Airwallex reaches 16 million U.S. dollars as the company had already raised 3 million U.S dollars in the pre-Series A round last year.

The development, announced by FinTech Australia, will allow Airwallex to enable businesses to make faster, easier and cheaper worldwide payments, and is the latest example of Australian and Chinese cooperation in the fintech sector.

*Read More:* [http://news.xinhuanet.com/english/2017-05/01/c\\_136248943.htm](http://news.xinhuanet.com/english/2017-05/01/c_136248943.htm)

## 7. This is hardly the time to be timid in our region

**02/05/2017**

**Penny Wong**

**The Australian**

Brexit, the US presidential election, and the historic rejection of the two established parties in the French presidential poll highlight the disruption the existing world order faces.

Disruption creates great uncertainty and calls into question many of the existing international norms that the global community, including Australia, has relied on for decades. Such uncertainty generates anxiety, even fear.

But it is worth recalling that disruption also can open the door to greater innovation – to new ways of construing problems and to different ways of resolving them.

Both China and India recognize the opportunities these times present.

*Read More (Paywall):*

<http://www.theaustralian.com.au/opinion/this-is-hardly-the-time-to-be-timid-in-our-region/news-story/20c59b8cb4780de57b5b18bd7215ee37>

## 8. China Craves Foreign Goods. Students in Australia Supply Them.

**02/05/2017**

**Jacqueline Williams & Xiuzhong Xu**

**New York Times**

Zhang Yuan's business started with favors for relatives: an aunt who wanted baby formula, a cousin looking for Ugg boots. She was a college student here in Australia, and every dollar helped, so she mailed the items back to China and charged a bit of a commission.

But then, through word of mouth, her business just kept growing. Between classes, she would shop for whatever was popular that week: vitamins, brand-name jewelry, a fake erectile dysfunction drug called Kangaroo Essence. And when she could not find a more lucrative job after graduation, she stayed in Melbourne and in the booming gray market for selling Australian goods to Chinese consumers.

Her business now employs two buyers, two packers and two people in customer service, with offices in Melbourne and Hangzhou, her hometown in eastern China. Taking orders online, she sells mainly to health-conscious and well-to-do women and says she makes more than \$300,000 a year.

*Read More:*

<https://www.nytimes.com/2017/05/02/world/australia/china-students-daigou.html?mid=tw-nytimesworld&smtyp=cur&r=1>

## 9. China's Australian business community honours controversial Darwin Port deal

**02/05/2017**

**Angus Grigg**

**Australian Financial Review**

It was a deal which worried former US President Barack Obama and was criticised by the defence establishment, yet the Australia business community in China has nominated the Darwin Port acquisition for one of its coveted annual awards.

The nomination of Landbridge Group, which paid \$506 million for a 99-year lease over the port in 2015, shows the ever growing divide between how Australia's business and strategic communities view China.

The business lobby sees China as an opportunity for trade and investment, while those in foreign policy circles worry Beijing is using the lure of stronger commercial ties to further its own strategic goals.

*Read More (Paywall):*

<http://www.afr.com/news/policy/defence/chinas-australian-business-community-honours-controversial-darwin-port-deal-20170502-gvxcst>

## 10. North Korea crisis: Former ambassador to Australia Fu Ying warns of apocalypse

**02/05/2017**

**Kirsty Needham**

**Sydney Morning Herald**

One of China's top diplomats, former ambassador to Australia Fu Ying, has cited an apocalyptic science fiction novel to warn that North Korea and the United States must talk to avoid a tipping point in the Korean Peninsula nuclear crisis.

Madam Fu recounted her personal involvement in talks between North Korea, China and the US in 2003, and gave three possibilities of how the current crisis could end.

Regime change, which she said had been the Obama administration's "main goal" in imposing financial sanctions, may not be realistic in the short term, because Kim Jong-un had stabilized North Korea's domestic situation.

*Read More:*

<http://www.smh.com.au/world/north-korea-crisis-former-ambassador-to-australia-fu-ying-warns-of-science-fiction-scenario-20170502-gvxc0o.html>

## 11. Australian Vintage in bed with China's biggest online wine retailer

**03/05/2017**

**Simon Evans**

**Australian Financial Review**

Australian Vintage, which sells wine brands including McGuigan, Nepenthe and Tempus Two, has joined forces with the entrepreneurs behind China's biggest online wine retailer in a deal where \$16.5 million has been raised in a share placement to Vintage China Fund.

Vintage China Fund director Jiang Yuan will become a director at Australian Vintage, which is bolstering its distribution clout in a country that is the biggest export destination for Australian wine.

Total Australian wine sales to China in 2016 jumped 40 per cent to \$520 million, and much of the rise was driven by Treasury Wine Estates, the owner of Penfolds, Wolf Blass and Wynns. The momentum has continued in the past few months – export sales to China from all wine producers in Australia were up 43 per cent to the end of March, official figures from Wine Australia show.

*Read More (Paywall):*

<http://www.afr.com/business/agriculture/australian-vintage-in-bed-with-chinas-biggest-online-wine-retailer-20170502-gvxtxd>

## 12. 'Disgusting' and 'extraordinary' scenes as Chinese delegation shouts down welcome ceremony

**03/05/2017**

**Kelsey Munro**

**Sydney Morning Herald**

Participants at an intergovernmental meeting hosted by Australian foreign minister Julie Bishop in Perth have described 'disgusting' and 'extraordinary' scenes as the Chinese government delegation shouted over the welcome to country ceremony and forced the suspension of proceedings.

A Taiwanese delegation was later ejected from the Kimberly Process meeting at the behest of the Chinese delegates who objected to their attendance.

The Department of Foreign Affairs and Trade confirmed it had raised concerns over the incident with the Chinese ambassador.

*Read More:*

<http://www.smh.com.au/federal-politics/political-news/disgusting-and-extraordinary-scenes-as-chinese-delegation-shouts-down-welcome-ceremony-20170502-gvxbou.html>

## 13. Gambling cases against Crown employees moves ahead in China

**04/05/2017**

**Wayne Ma**

**The Australian**

Chinese authorities have handed over the criminal cases of 18 employees of Australian casino operator Crown Resorts to a district-level prosecutor's office, bringing them one step closer to trial after being detained for more than half a year, according to people familiar with the case.

The assignment to a district-level jurisdiction, the Shanghai's Baoshan District People's Procuratorate, as opposed to a higher one at the city or national level, could mean that criminal charges may be limited to gambling offences, according to one person close to the case. Gambling offences in China carry a maximum sentence of three years, according to one person close to the case.





“You’re going to have less in the way of judicial and prosecutorial resources,” a second person close to the case said, adding that this could “signal the intention of lesser charges.”

*Read More (Paywall):*

<http://www.theaustralian.com.au/business/companies/gambling-cases-against-crown-employees-moves-ahead-in-china/news-story/868f58cbc9dfa781208dfa429258446b>