

Media Roundup Issue 26 (24/06/17 – 30/06/17)

1. 'Adviser' with ties to Chinese communist lobbyist drops out of council race

24/06/2017

**James Robertson & Lisa Visentin
Sydney Morning Herald**

A self-styled adviser to a federal Liberal assistant minister, with reported close ties to an international Chinese Communist Party lobbying organisation, has withdrawn at the very last minute from representing the party on a Sydney council.

Chinese Australian businessman Yang Dongdong was all but assured of a coveted second, winnable spot on the Liberal ticket for Burwood council for its September election, local sources said, a seat carved out for him especially.

But following a blaze of publicity about Chinese influence in Australian politics generally and Mr Yang's own influence in assistant minister for Industry Craig Laundy's office, he withdrew from council preselection as late as Friday morning.

Read more: <http://www.smh.com.au/nsw/adviser-with-ties-to-chinese-communist-lobbyist-drops-out-of-council-race-20170623-gwxf8w.html>

2. China's censorship fingers reach into our cyberspace

24/06/2017

**Fergus Hanson
The Australian**

When Chinese Premier Li Keqiang visited Australia in March, one social media platform lit up with an unusual question: "Will you go to welcome the Premier?" This discussion was not on Facebook or Twitter but on WeChat, China's most popular messaging app, owned by the tech titan Tencent.

Unconfirmed rumours on WeChat pointed to the Chinese consulate-general in Sydney and the pro-China Australian Council for the Promotion of Peaceful-

Reunification of China as key backers of the well-organised campaign. Regardless of who was behind it, why was a rally in Australia being arranged on a Chinese social media platform?

WeChat is probably not on the radar of most Australians, two-thirds of whom use the US platform Facebook, but it has carved out a niche in Australia with some troubling implications, most notable the direct Chinese government censorship of Australian citizens within Australian borders.

Read more (Paywall): <http://www.theaustralian.com.au/news/inquirer/china-censorship-fingers-reach-into-our-cyberspace/news-story/846944042e1e4227782611979a211cae>

3. Crown 19 to plead guilty in Chinese court

25/06/2017

**Angus Grigg & Lisa Murray
Australian Financial Review**

Crown Resorts staff will plead guilty to gambling-related crimes at their trial in Shanghai on Monday in a bid to limit any further jail time, but insiders say senior executive Jason O'Connor and other staff members have struggled with the decision.

The speed at which the case has moved to trial and its low profile within the Chinese system all indicate a guilty plea has been agreed to with Chinese authorities.

It is understood there remains the option to change this plea when the trial opens but, as of Sunday, all 19 current and former Crown employees are planning to plead guilty.

Read more (Paywall): <http://www.afr.com/business/gambling/crown-19-to-plead-guilty-in-chinese-court-20170625-gwy1u8>

4. China hungry for Rio's coal as crisis looms: Yancoal

26/06/2017

**Rowan Callick
The Australian**

The Chinese company in a bidding war with Glencore for Rio Tinto's Australian thermal coal assets is looking to Australia to solve what its chairman recently called a "looming crisis" of declining coal reserves at home.

The ASX-listed Yancoal Australia, which has offered \$3.24 billion for the Rio coal assets, is 78 per cent-owned by Yanzhou Coal Mining Company.

Yanzhou – which is listed on the New York, Hong Kong and Shanghai stock exchanges – is 56.59 per cent-owned by Yankuang Group, which is in turn 70 per cent-owned by the province of Shandong in China's east, north of Shanghai.

Read more (Paywall): <http://www.theaustralian.com.au/business/mining-energy/china-hungry-for-rios-coal-as-crisis-looms-yancoal/news-story/91c59dca7d5d92535746eb27f4558d8d>

5. Crown 19 get light sentences, but no way back for James Packer in China

26/06/2017

**Angus Grigg
Australian Financial Review**

It was a display of swift but not too brutal Chinese justice.

In just over three hours on Monday morning all 19 current and former Crown Resorts employees pleaded guilty to gambling-related crimes, were convicted and then sentenced.

In the end Crown and its major shareholder James Packer can't complain about the outcome.

Under the worst-case scenario some staff members were facing a decade in jail if charges like money laundering or corruption had been levelled against them.

Read more (Paywall): <http://www.afr.com/business/gambling/crown-19-get-light-sentences-but-no-way-back-for-packer-in-china-20170626-gwyyqn>

6. What Is China's Meddling In Australia Actually Buying?

26/06/2017
Kerry Brown
The Diplomat

Extensive reports in the Australian media in early June presented evidence for Chinese interference in local politics, media, and academia. One research center in Sydney focusing on China, that of the University of Technology and Science (UTS), came under particular scrutiny because of gifts from Chinese business, and purportedly over-favorable coverage of China-related matters.

The issue – Chinese state-led attempts to influence outside opinion – is not a new one. Confucius Institutes in particular have been dogged by the claim for almost a decade, as they have opened up across the world. Sometimes, Chinese officials themselves have presented evidence on a plate. Madame Xu Lin, head of the Han Ban, the Beijing-based sponsoring entity in charge of the institutes, infamously attended a conference in Portugal in 2015 where adverts for a Taiwanese funder were unceremoniously ripped out of the official booklet. The result was immense offense, loss of prestige for China, and resentment on the part of attendees – a hideous own goal.

Read more: <http://thediplomat.com/2017/06/what-is-chinas-meddling-in-australia-actually-buying>

7. Lesson learnt in China Crown case: grey is the new black

27/06/2017

**Rowan Callick
The Australian**

The Crown case was brief but the lessons will be far-reaching.

Eight months after its 19 employees were arrested, all pleaded guilty and received, in Chinese terms, relatively light sentences.

But eight months in a Chinese detention centre – plus a further two months for Jason O'Connor and one month for Jenny Pan Dan and Jerry Xuan – will not be swiftly forgotten by them or their families, not by the Malaysian executive Alfred Gomez. And for the 15 Chinese employees and former employees, their future career options will be limited severely.

The wider lessons include the danger of believing one understands China and can compute the risks of operating there, when one doesn't. James Packer has had much less to say on China since so many of his employees were jailed. Four years ago he told the Asia Society how "it often amazes me that so many senior corporate leaders, public servants and MPS have not made the trip to China and still view it as a communist state".

Read more (Paywall): <http://www.theaustralian.com.au/opinion/columnists/rowan-callick/lesson-learnt-in-china-crown-case-grey-is-the-new-black/news-story/4dfeda5285cc4383357945721c298707>

8. Australia has outgrown paranoia in its relations with China

27/06/2017

**Rory Medcalf
Australian Financial Review**

So far, 2017 has seemed a bruising year for Australia's links with China. But rather than a crisis, this is a long-overdue reality check, from which a healthier and more sustainable relationship can emerge.

A scan of the headlines and some of the more colourful commentary could leave the false impression that Australia is wilfully wrecking a wonderful friendship.

According to Hugh White, a former senior defence official and my Australian National University academic colleague, we have somehow reached a situation where the Prime Minister has “no idea at all” what to do about China’s increased power in Asia, other than make empty threats of Cold War-style containment.

Read more (Paywall): <http://www.afr.com/opinion/columnists/australia-has-outgrown-paranoia-in-its-relations-with-china-20170627-gwzbro>

9. Media scrutiny of China is critical for Australia

27/06/2017

John Fitzgerald
The Interpreter

In responding to recent media coverage of Chinese communist party influence over Australia’s institutional infrastructure (‘Where have all the grown-ups gone on China policy?’, Australian Financial Review), former Ambassador to China Geoff Raby makes an important point.

The issue is not the recent Four Corners program or Fairfax press coverage itself. Raby concedes that it is proper for Australian media to warn about Chinese agents of influence, to call out politicians who compromise themselves by accepting largesse, and to expose the role of China’s diplomatic missions in monitoring Chinese students on campus. He recognises that it is entirely appropriate for the Australian Security Intelligence Organisation to alert Australian politicians to risks attendant on accepting donations from people with close links to foreign governments.

His critical point is this: intensive media exposure to Australia’s institutional vulnerabilities makes it ‘much harder to have an informed, urgent, national debate about how we best engage with China and the neighbourhood.’

Is this really the case?

Read more: <https://www.lowyinstitute.org/the-interpreter/media-scrutiny-china-critical-australia>

10. Chinese billionaire hits back at ASIO: I'm not a communist agent

27/06/2017

**Simon Benson
The Australian**

The Australian-Chinese businessman allegedly named in a secret ASIO brief on foreign political donations is planning to lodge a formal submission with the spy agency's director-general, vigorously rejecting claims that he has ever acted as an agent for the Chinese Communist Party.

Chau Chak Wing, an Australian citizen of 20 years who had been named in an ABC *Four Corners* report as being under suspicion by ASIO for alleged links to China's communist organisations, has revealed that Australian governments had sought to use his connections to exert soft-power influence in China.

He has also warned that the publicised leaking to the ABC of an apparent high-level brief to the government on Chinese influence, in which he is alleged to have been named, could deter foreign investors looking to invest in Australia for fear of similar treatment.

Read more (Paywall): <http://www.theaustralian.com.au/national-affairs/foreign-affairs/chinese-billionaire-hits-back-at-asio-im-not-a-communist-agent/news-story/1e07e9e4e6fd42684f087ea8b5a47a03>

11. Huang Xiangmo settles defamation action with 'anti-China paper'

27/06/2017

**Primrose Riordan
The Australian**

Australia-based Chinese billionaire Huang Xiangmo – a prominent donor to both major political parties – has settled a defamation action against *The Epoch Times*.

China's *The Global Times* has revealed details of last year's settlement, which focused on reports about Mr Huang's alleged Chinese government connections.

The reports have exposed divisions in the Chinese-Australian community over Chinese government activities in Australia. The row began over an article *The*

Epoch Times published linking Mr Huang to a former mayor of Jieyang, Chen Hongping, who has been convicted of corruption and bribery in China. Mr Huang is also from Jieyang, in the economic powerhouse province of Guangdong.

Read more (Paywall): <http://www.theaustralian.com.au/business/media/print/huang-xiangmo-settles-defamation-action-with-antichina-paper/news-story/fdb92ca60ae354ff6d2f57d838ab0cb2>

12. Australian dairy exports encouraged to look at new markets as Chinese growth slows

27/06/2017

Clint Jasper

ABC News Online

After years of rapid growth, Chinese dairy demand is slowing as the market matures, and now exporters should look to South East Asia, according to a Chinese-based dairy analyst.

While sales of higher value products like yogurt are growing 15 per cent annually, growth in white milk has been stagnant.

"There are a number of reasons behind that, China's entered into a new normal in terms of economic growth," Shanghai-based Rabobank China dairy analyst Sandy Chen said.

"Secondly I think that after many years of rapid growth in dairy consumption in China between 2000 and 2008 what we're seeing is maturing in certain categories."

Read more: <http://www.abc.net.au/news/rural/rural-news/2017-06-27/new-markets-for-australian-dairy-exports-as-china-demand-slows/8654744>

13. Lawrence Ho says China arrests a factor in James Packer's Macau exit

28/06/2017

Angus Grigg

Australian Financial Review

Lawrence Ho, the gambling scion and former business partner of James Packer, said Crown Resorts would have faced regulatory issues in Macau from the conviction of its staff in mainland China and said this was a factor in the break-up of their joint venture.

Mr Ho's comments suggest he was uncomfortable with Crown remaining his partner in Macau and said any convictions in China would cause the Australian company problems when bidding for a casino licence in Japan.

"Let's say if they were convicted then it would raise issues for Japan ... but especially for Macau, since Macau is part of China," Mr Ho told the June issue of trade magazine *Inside Asian Gaming*.

Read more (Paywall): <http://www.afr.com/business/gambling/ho-says-china-arrests-a-factor-in-packers-macau-exit-20170628-gx0har>

14. Rio Tinto's NSW coal mine taken over by China-backed Yancoal

29/06/2017

Carrington Clarke

ABC News Online

After a protracted bidding war, Rio Tinto shareholders have finally decided to sell its NSW coal assets to China-backed miner Yancoal.

Yancoal will pay \$US2.69 billion (\$3.5 billion) for Coal & Allied, the Rio subsidiary which controls NSW's Hunter Valley mines.

This is around \$4 million higher than the highest offer made by Swiss-based Glencore.

The assets include Rio's Warkworth/ Mount Thorley thermal and semi-soft coking coal mines and a major stake in the Port Waratah coal loading facility in Newcastle.

Read more: <http://www.abc.net.au/news/2017-06-29/rio-tinto-nsw-coal-mines-taken-over-by-china-backed-company/8664914>

15. China's Global Times accuses Australia of spying

30/06/2017

**Primrose Riordan
The Australian**

China's nationalistic *Global Times* has published accusations that Australia spied on the Chinese embassy in Australia and has tried to encourage Chinese citizens to defect.

The state-controlled *Global Times*, known for its sensationalist style, reported that an unnamed official at a Chinese "national security department" said Australia was actively collecting intelligence on China.

"As (an) important member of Western intelligence alliance Five Eyes, Australia has always been active in intelligence collection, and China is its major target," the article published yesterday said.

The report suggests Australian agencies try to get Chinese citizens to "defect" to Australia.

Read more (Paywall): <http://www.theaustralian.com.au/national-affairs/foreign-affairs/chinas-global-times-accuses-australia-of-spying/news-story/c25c9fc4ab26ff7bcc949b3b346eefad>

16. Daigou craze to hit ASX as AuMake Australia parent wins approval

30/06/2017

Jessica Sier

Sydney Morning Herald

Investors could soon have exposure to the lucrative “daigou” trade, after the ASX gave the nod for an Australian-based business to hit the boards later this year.

ITM International subsidiary AuMake Australia has quietly built up five stores around Sydney, acting as a one-stop product shop for the estimated 40,000 “daigou” shoppers, and directly shipping goods to Chinese nationals eager to get their hands on high-quality Australian-made products.

Looking to raise \$6 million, husband and wife team Joshua Zhou and Lynn Zheng have leveraged their backgrounds as Chinese tour operators in Australia to link an extensive network of Chinese customers to a hungry array of Australian businesses wanting to tap into the swelling Chinese demand.

Read more: <http://www.smh.com.au/business/markets/daigou-craze-to-hit-asx-as-aumake-australia-parent-wins-approval-20170629-gx0wb8.html>