

Media Roundup Issue 22 (27/05/17 – 02/06/17)

1. Australia should carry out naval challenge to China's artificial islands: retired defence boss

28/05/2017

David Wroe

Sydney Morning Herald

The recently retired Defence head Dennis Richardson has said Australia should carry out its own "freedom-of-navigation" naval operation to challenge China's claim over waters surrounding artificial islands in the South China Sea.

Such a move would provoke an angry response from Beijing, but Mr Richardson, who has been a central figure in Australia's security and foreign affairs establishment for the past two decades, said Australia should not tacitly accept the legitimacy of China's man-made territory in the strategically vital waterways.

Asked whether Australia should carry out a naval freedom-of-navigation operation, Mr Richardson said: "I think at some point, we should ... What that point is, being a good old public servant, I'd leave it to the government."

Read more: <http://www.smh.com.au/federal-politics/political-news/australia-should-carry-out-naval-challenge-to-chinas-artificial-islands-retired-defence-boss-20170526-gwefds.html>

2. China eyes new Sydney airport as part of 'belt and road' plan

28/05/2017

Lisa Murray

Australian Financial Review

China is eyeing Sydney's new airport as a potential project that could be linked to its trillion dollar "One Belt, One Road" infrastructure plan, according to a government-linked think tank.

The interest in Sydney infrastructure follows Canberra's decision to keep its \$5 billion Northern Australia development plan separate from OBOR, despite a push from Beijing earlier this year to officially link the two initiatives.

"China is not just interested in infrastructure projects in Northern Australia being linked with Belt and Road," said Han Feng, from the National Institute of International Strategy at the state-run Chinese Academy of Social Sciences.

"Sydney's infrastructure plan requires a large amount of capital and they need to seek international cooperation on these projects. Subways, airports and roads; these infrastructure projects are China's strength."

Read more: <http://www.afr.com/news/policy/foreign-affairs/china-eyes-new-sydney-airport-as-part-of-belt-and-road-plan-20170526-gweb65>

3. Cabinet saw no gain in Xi Jinping's 'project of the century'

29/05/2017

Paul Kelly

The Australian

The national security committee of cabinet debated twice and decided to reject a strong proposal from China in the prelude to the recent visit of Chinese Premier Li Keqiang for Australia to be linked with its huge Belt and Road Initiative.

Foreign Minister Julie Bishop briefed the NSC on the Chinese proposal, which Beijing hoped would be one of the major results of the March visit by the Chinese Premier. Ms Bishop did not take a formal submission to the cabinet committee but provided instead an oral brief.

In the end, the Chinese aspirations for Australia were thwarted. The Bishop brief was based on her extensive talks with Chinese Foreign Minister Wang Yi when he visited Australia in February, partly to prepare the ground for the visit of Mr Li.

Read more: <http://www.theaustralian.com.au/national-affairs/foreign-affairs/cabinet-saw-no-gain-in-xi-jinpings-project-of-the-century/news-story/098f7cfd460bc1ecc95468ed566871c4>

4. The other credit risk to watch in China: Fintech-fuelled debt

30/05/2017

Clancy Yeates

Sydney Morning Herald

China's government has copped what Scott Morrison is so desperate to avoid: a credit rating downgrade.

But in the discussion about Moody's surprise move last week to cut its rating for our biggest trading partner, there's one word that has been notably absent, even though it's a risk of growing importance to investors and officials. That word is "fintech".

Nowhere are the large potentially huge benefits of fintech – and longer-term risks – clearer than in China.

Read more: <http://www.smh.com.au/business/banking-and-finance/the-other-credit-risk-to-watch-in-china-fintechfuelled-debt-20170529-gwf7hr.html>

5. John McCain's China Sea call to US allies

30/05/2017

Primrose Riordan

The Australian

US Republican senator John McCain has urged Australia and other allies in Asia to join America in challenging Chinese claims to islands in the South China Sea.

Senator McCain, in his first newspaper interview since arriving in Australia, also said that Canberra must be heavily involved in strategies to stop North Korea's aggression. "I think that the Australian government has to be involved ... because there's the possibility of the Koreans developing the capability to strike Australia," Senator McCain said.

Read more: <http://www.theaustralian.com.au/national-affairs/defence/john-mccains-china-sea-call-to-us-allies/news-story/3e0a051154ab7c7b31fd6e57a2169981>

6. Monash throws out the textbook over Chinese student complaints

30/05/2017

Primrose Riordan

The Australian

After suspending a lecturer over a quiz question that suggested Chinese officials were truthful only when drunk, Monash University has discarded the textbook he used.

The commonly used text, *Human Resource Management* by Raymond J. Stone, will be out of use by the second semester, the university says.

The move follows complaints from Chinese students at Monash, long posts about the issue on Chinese social media site Wechat and questioning from China's consulate-general in Melbourne.

Read more: <http://www.theaustralian.com.au/higher-education/monash-throws-out-the-textbook-over-chinese-student-complaints/news-story/3453651355ed61ab28989e7623c8dd9d>

7. Robb to unveil two-way investment deal with China

31/05/2017

Damon Kitney

The Australian

Former federal Trade Minister Andrew Robb says he is finalising a major corporate deal involving listed Chinese and Australian companies, which should become the model for sharing risk in business transactions involving the two countries.

"I am involved in a very big deal at the moment that involves Australian investment into China and Chinese investment into Australia. The risk is shared," Mr Robb told a Belt and Road forum hosted by KPMG in Melbourne yesterday. "Plus it gives you a portal or an insight into the supply line — the Chinese into the supply chain back down and for the Australian party an insight into the supply line further up. It builds relationships along those supply lines.

“You look at another 10 years’ time, that initial significant project will I’m sure have spawned lots of other activities, not just for those two companies but for a lot of SMEs who will come in behind it and support it.”

Read more: <http://www.theaustralian.com.au/business/financial-services/robb-to-unveil-twoway-investment-deal-with-china/news-story/7ef36e14dea780473e0341ab0e49fc42>

8. Australian security and trade policy for 2017 and beyond

31/05/2017

Richard Woolcott

Pearls and Irritations

The key issue is not what President Trump says on behalf of the United States but, what the United States actually does.

I agree with Hugh White’s comment that the “pivot to Asia”, or rebalancing as it was later called, is now dead. It put Australia in an invidious position during President Obama’s visit to Australia in November 2011 when he – not our then Prime Minister Gillard – announced in our Parliament the rotation of United States marines through Darwin. At that time Malcolm Turnbull was rightly critical of Gillard’s handling of the matter.

It is only logical that whatever President Trump or his key advisors may say for public consumption, the underlying reality is that a rising China is asserting a regional strategic priority in the South China Sea, just as the United States asserts around Hawaii and the Florida Keys.

Read more: <http://johnmenadue.com/richard-woolcott-australian-security-and-trade-policy-for-2017-and-beyond/>

9. \$1bn China chilled beef trade advantage at risk, Austrade says

1/06/2017

Primrose Riordan
The Australian

Australia's top trade official Stephanie Fahey has confirmed the country's advantage over China's chilled beef market, potentially worth \$1bn, is at risk due to a new US trade deal.

Access to the market was trumpeted by the Coalition as a landmark gain from Chinese Premier Li Keqiang's recent visit to Australia.

Further, in unusually frank public comments, Australia's trade officials warned Australia is slipping off the map and better known for spiders and snakes than our "clean green" food and produce.

The officials also said Australia needed to get tougher on seizing gains from trade deals and has "a lot of work to do" to protect Australian industry in the US market under US President Donald Trump's new America First regime.

Read more (paywall): <http://www.theaustralian.com.au/news/nation/1bn-china-chilled-beef-trade-advantage-at-risk-austrade-says/news-story/87ab473c0096ef5ff95d8a3f5860e4e5>

10. Former head of Chinese steel company with links to Australia jailed

02/05/2017

Kirsty Needham
Sydney Morning Herald

He was once one of China's most powerful steel executives buying iron ore in quantities that fuelled Australia's economic boom.

But Deng Qilin, 66, will serve 15 years in prison after being convicted for corruption and bribery during his 10-year reign as chairman of Wuhan Iron and Steel, one of Australia's biggest resources customers.

Mr Deng, the former general secretary of China's Iron and Steel Association, was also fined 5 million renminbi (\$992,000) by the Zhongshan People's Intermediate Court for taking advantage of his position.

Read more: <http://www.smh.com.au/business/mining-and-resources/former-head-of-chinese-steel-company-with-links-to-australia-jailed-20170601-gwi6q0.html>

11. South China Sea patrols are an option, with or without Trump

02/05/2017

Andrew Chubb

Sydney Morning Herald

In a thunderous op-ed last week, former foreign affairs minister Bob Carr declared Australia would have been "hung out to dry" if it had conducted patrols asserting international navigation rights in the South China Sea.

US media reports had suggested the Trump administration had ceased the practice.

But two days later Carr's argument was left stranded when the USS Dewey carried out just this kind of operation near China's artificial island on Mischief Reef last Thursday.

I agree Australia's decision not to patrol – so far – has been the right one. But to imply that if the US doesn't patrol, then Australia shouldn't, is misleading.

Read more: <http://www.smh.com.au/comment/south-china-sea-patrols-are-an-option-with-or-without-trump-20170528-gweqy7.html>