

Media Roundup Issue 34 (19/08/17 – 25/08/17)

1. New investment rules to curb China's foreign acquisition binge

21/08/2017

Kirsty Needham

Sydney Morning Herald

The Chinese government has officially put the brakes on Chinese companies pouring big money into overseas property development, issuing rules likely to have a significant impact in Australia.

China's State Council, or cabinet, issued the first rules on overseas investment by Chinese companies on Friday.

A new banned list includes casinos and defence technology, while overseas property development and hotels are classified as "restricted".

Chinese companies bought 38 per cent of all the residential property development sites sold in Australia last year, spending \$2.4 billion, according to a Knight Frank report this year.

Read more:

<http://www.smh.com.au/business/new-investment-rules-to-curb-chinas-foreign-acquisition-binge-20170820-gy033p.html>

2. China remains the greatest opportunity

21/08/2017

John Brumby

The Australian

Every nation tells itself stories about the world and how it works. Sometimes these stories are helpful, but sometimes they can blind us to the new opportunities generated by change.

Many of the stories written about China over the past few years have fallen into the harmful, rather than helpful, category. These stories can be summed up in two words: slowdown and suspicion.

Hardly a day goes by without a reference in the Australian media to China's economic "slowdown". It's worth putting a few things in perspective: while China's growth is indeed slowing from the unprecedented double-digit highs of the last few decades, it still expects to grow by around 6.5 per cent each year through to 2020. China's economy has now reached a size where a percentage point of growth today is worth more than two percentage points a decade ago.

Read more (Paywall):

<http://www.theaustralian.com.au/business/opinion/china-remains-the-greatest-opportunity/news-story/3b9ae34029c5e5d8de2d65557c531a73>

3. China's 'dangerous' debt boom could end badly for all

21/08/2017

David Uren

The Australian

Australia's economy is being sustained by a credit boom in China that the International Monetary Fund warns is bound to end badly.

The fund's hard-hitting review of China's economy says there is no international precedent for such a large credit boom culminating in anything other than a sharp downturn or a financial crisis.

The fund's loss of confidence that the Chinese authorities will act to rein in the runaway debt growth has led it to upgrade its growth forecasts for the next three years from an average of 6 per cent to 6.4 per cent.

"The baseline implies ongoing support for global commodity exporters which benefit from strong public investment, real estate and heavy industry (such as Brazil and Australia)," the fund says.

Read more (Paywall):

<http://www.theaustralian.com.au/business/opinion/david-uren-economics/chinas-dangerous-debt-boom-could-end-badly-for-all/news-story/28ed661725b79a4feefef1dfe560cfe7>

4. Sydney lecturer apologises for use of map offending Chinese students

21/08/2017

Primrose Riordan

The Australian

The Chinese-Indian border dispute has erupted on an Australian university campus after an IT lecturer at the University of Sydney was targeted by Chinese students.

The Wechat account of a Sydney University international students group first posted an article last Wednesday which complained about the lecturer, Khimji Vaghjani, using a world map which showed that India was in control of territory on the border with China.

“India should respect the facts!” the article’s author demanded.

The map was part of the lecture slides for a course called “Professional Practise of IT” taught by Mr Vaghjani.

The Australian Red Scarf – a popular site for Chinese international students – also posted an article on the use of the map and said the map should be removed.

Read more (Paywall):

<http://www.theaustralian.com.au/national-affairs/sydney-lecturer-apologises-for-use-of-map-offending-chinese-students/news-story/2b1cccbe438d1c680fcbff60f8e7d97e>

5. There is no substitute for US-Australia economic mateship, not even China

21/08/2017

Simon Jackman

Australian Financial Review

In 2016, \$11 billion of new US-sourced direct investment came to Australia. Cumulative US direct investment in Australia totalled \$195 billion in 2016. By

contrast, China's cumulative direct investment in Australia is just a fifth of the US total – \$42 billion in 2016, with \$3.4 billion arriving in 2016.

But above all, we shouldn't equate trade dollars with investment dollars, and direct investment in particular. Our trade with China is valuable on the balance sheet, but shouldn't be equated with the nation-building legacy of decades of "here-to-stay" direct investment, with the United States providing the lion's share. Nor should our exports to China – tilted heavily towards resources, agricultural products, undergraduate commerce degrees and inbound tourism – be equated with US sourced investments in technology-rich sectors that continue to grow Australia's stock of human capital and technological capacity.

Read more (Paywall):

<http://www.afr.com/opinion/columnists/there-is-no-substitute-for-usaustralia-economic-mateship-not-even-china-20170820-gy0612#ixzz4qMtnFhRk>

6. China's crackdown on foreign investments may make it harder for first home buyers to get into the market

21/08/2017

Scott Carbines

News.com.au

A RETREAT of Chinese developers from Australia could make it even tougher for buyers to break into the pricey Melbourne and Sydney real estate markets.

Realestate.com.au chief economist Nerida Conisbee said there would be less development because of the Chinese Government announcement that it will restrict foreign investments and property prices could continue to rise as a result.

“Both cities are really starting to see a slowdown in prices already and I think with less supply in the market it will mean prices will not stabilise as much as people are hoping,” she said.

“If the level of supply kept up, I do think a slowdown would have led to a possible reduction in prices — but this will continue to support price growth in Melbourne and Sydney.”

Read more:

<http://www.news.com.au/national/china-cracks-down-on-foreign-investments-amid-fears-companies-are-racking-up-too-much-debt/news-story/bfb7fb7d6c474e052d2fee1a84ebea83>

7. Chinese property buyers shift interest from Australia to other parts of the world

21/08/2017

Christina Zou

ABC News Online

Australia is losing Chinese buyer interest to other parts of the world as tougher government regulations and new tax rules continue to bite, new data shows.

Chinese inquiries in Australian residential property was down 9.7 per cent in the first half of the year compared to the same period in 2016, Chinese international property portal Juwai.com figures reveal.

The median inquiry price also fell from about \$394,000 to about \$350,000.

At the same time, inquiries from around the world — including Thailand, Japan and Malaysia — grew 8.7 per cent.

Read more:

<http://www.abc.net.au/news/2017-08-21/chinese-property-buyers--top-10-countries/826522>

8. New hope for Chinese deals in healthcare, education

22/08/2017

Bridget Carter & Scott Murdoch

The Australian

Australian dealmakers are banking on Chinese buyers returning to the domestic mergers and acquisitions market, especially in healthcare and education, after the mainland government clarified its foreign investment crackdown.

China's State Council, which acts as the nation's cabinet, released its guidelines at the weekend on the international investment framework put in place in November last year.

Little detail was published last year when China tightened its investment rules that said companies growing overseas would be subject to stricter regulations.

The new rules prompted a clampdown on Chinese participation in M&A but the release of more detail has raised corporate lawyers' hopes that Chinese appetite for Australian assets will start to rebound.

Read more (Paywall):

<http://www.theaustralian.com.au/business/dataroom/new-hope-for-chinese-deals-in-healthcare-education/news-story/732c2a84ed91a5a5e410fc000dc6728e>

9. China's global ambitions: are there lessons to be learnt from Tibet?

22/08/2017

Peter Hartcher

Sydney Morning Herald

The man who replaced the Dalai Lama as the head of Tibet's government-in-exile has brought a troubling message to Australia. The Chinese military forcibly annexed Tibet in the 1950s, sending the Dalai Lama into hasty exile in India. The Dalai Lama retains his role as spiritual leader. But the Tibetan diaspora elected Lobsang Sangay as their political leader six years ago. He spoke at the National Press Club in Canberra earlier this month. The Harvard-educated lawyer's message to Australia: "It happened to Tibet - you could be next."

This is a disturbing idea, but surely a fanciful one? As president of the Tibetan government-in-exile, Sangay's main agenda is to stir international empathy for Tibet. Encouraging us to identify with Tibet, putting us in Tibet's shoes, is surely a clever technique for achieving his aim.

Read more:

<http://www.smh.com.au/comment/chinas-global-ambitions-are-their-lessons-to-be-learned-from-tibet-20170820-gy0dk0.html>

10. Up to half of Chinese buyers leave apartments vacant

22/08/2017

**Simon Johanson
Sydney Morning Herald**

A quarter of Chinese buying property overseas leave their apartments vacant and the majority pay for their purchase with cash, a survey of mainland Chinese customers by investment bank UBS shows.

Another 25 per cent of overseas property owners use their home on a temporary basis, suggesting about half of the overseas properties owned by mainland Chinese were not fully utilised, the bi-annual survey suggests.

Overseas investment in Australia's housing market has stirred political sensitivities amid concerns offshore buyers are helping fuel Australia's property boom and are leaving homes empty during a housing affordability crisis.

Read more:

<http://www.smh.com.au/business/property/up-to-half-of-chinese-buyers-leave-apartments-vacant-20170822-gy1n5p.html>

11. Star Entertainment shines despite China VIP exodus

23/08/2017

**Elizabeth Knight
Sydney Morning Herald**

The fallout from the Chinese arrests of Crown Resorts staff last October continues to be felt by the Australian casino operators as The Star Entertainment Group reported an 11 per cent fall in normalised 2017 net profit due to the collapse of the Chinese VIP market.

Crown Resorts experienced an even bigger decline in its 2017 profit as heavy-hitting gamblers from China virtually boycotted Australia in response to a crackdown from their government on corruption and capital outflows.

While the normalised profit from The Star was a little below analysts' expectations, this result was more than offset by higher than normal 'win rate'

for the casino which resulted in its statutory performance rising a hefty 36 per cent to \$264.4 million and a 23 per cent boost in the dividend for the year.

Read more:

<http://www.smh.com.au/business/star-entertainment-shines-despite-china-vip-exodus-20170823-gy27ws.html>

12. Uni lecturer targeted over 'separate Taiwan'

24/08/2017

Primrose Riordan

The Australian

A University of Newcastle academic has been targeted by Chinese international students over teaching material which reportedly suggested Taiwan and Hong Kong were separate countries.

The incident comes just days after a University of Sydney IT lecturer was forced to issue a public apology after international students were outraged by his use of a map showing Chinese claimed territory as part of India.

Now, High Commissioner of India to Australia Dr. Ajay M. Gondane has come forward to urge universities to protect the right to freedom of expression in the wake of the map incident.

The reported incident at the University of Newcastle is the fourth prominent case since May where academic staff of Australian universities have been targeted and their actions or teaching material attached on Chinese social media.

Read more (Paywall):

<http://www.theaustralian.com.au/higher-education/university-lecturer-targeted-over-separate-taiwan-materials/news-story/79febfc3fd91f84604173c79a1f249a3>

13. Qantas poised to exploit forecast China travel boom

25/08/2017

John Durie

The Australian

Buried in the Qantas results is the extraordinary upside to come from the predicted explosion of Chinese tourists travelling to Australia, from 1.2 million a year now to over eight million in 2032.

The International Air Transport Association forecasts explain why Jetstar will launch direct flights to the Chinese city of Zhengzhou to capitalise on the growing flow of tourists to Australia.

Rival Virgin is well positioned to grab its share of the trade with two Chinese shareholders in the form of airlines HNA and Nanshan.

The influx is obviously a boon to the entire tourism sector.

Read more (Paywall):

<http://www.theaustralian.com.au/business/opinion/john-durie/qantas-poised-to-exploit-forecast-china-travel-boom/news-story/48e03639abfedd8ec36902bc438c17c8>

14. AGL Energy finds Chinese buyer for Moranbah gas assets

25/08/2017

Angela Macdonald-Smith

Australian Financial Review

AGL Energy has finally found a buyer for its northern Queensland gas assets, striking a deal with what is thought to be a new entrant into the Australian gas sector, Chinese gas distributor Shandong Order Gas Co.

The deal will see privately-owned Shandong and Australian private investment company Orient Energy Pty buy AGL's half share in the Moranbah gas project and a north Queensland energy joint venture, as well as in an exploration licence in the Bowen Basin.

The transaction is still subject to pre-emptive rights held over AGL's stakes by its Moranbah venture partner Arrow Energy, which is itself a joint venture between oil giants Shell and PetroChina. It also remains subject to approval by Australian and Chinese regulatory authorities, expected to include the Foreign Investment Review Board.

Read more (Paywall):

<http://www.afr.com/business/energy/gas/agl-energy-finds-chinese-buyer-for-moranbah-gas-assets-20170825-gy3vzk>