

Media Roundup Issue 76 (16/06/18 – 22/06/18)

1. Suspected China defence leak a wake-up call for Australia

15/06/18

Richard Wood

9 News

An alleged Chinese 'spy plot' in the UK should be a wake-up call for Australia, an expert has warned.

British counterterrorism police are investigating an alleged plot to pass military secrets to China and have arrested a man in his 70s under the Official Secrets Act.

UK media reports that the man is a former employee of jet engine maker Rolls-Royce. He has reportedly denied any wrongdoing.

Australia is spending \$17b to equip the Royal Australian Air Force with 72 of the F-35 aircraft – the country's biggest ever defence purchase.

China defence expert Adam Ni, of the Australian National University, told nine.com.au the Asian superpower is ready to use "covert" efforts to access secret military technology.

"The covert parts of China's military technology acquisition programme include cyber espionage, and bribery of Western experts."

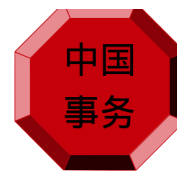
Read more: <https://www.9news.com.au/national/2018/06/15/12/24/alleged-plot-by-china-to-steal-warplane-secrets-a-warning-for-australia-says-expert>

2. Australia vulnerable to 'full-blown trade war' as US-China tension deepens

16/06/18

Eryk Bagshaw

Sydney Morning Herald



Australia is overexposed to a full-blown trade war between the US and China, business leaders have warned, as the Trump administration increases sanctions on Chinese products.

The Turnbull government moved quickly to put itself at the front of negotiations on Saturday after it was revealed a 25 per cent tariff on \$US50 billion (\$67 billion) worth of 1102 Chinese imports would take effect from July 6.

Foreign Minister Julie Bishop urged the world's two largest economies to take their dispute to the World Trade Organisation before it hit global standards of living and economic growth.

Read more: <https://www.smh.com.au/politics/federal/australia-vulnerable-to-full-blown-trade-war-as-us-china-tension-deepens-20180616-p4zlv.html>

3. US-China trade tariffs could spell trouble for Australian miners

16/06/18

Elva Darnell

ABC News

Analysts say the uncertainty following news of United States-China tariffs could cause issues for miners in Australia's biggest export state.

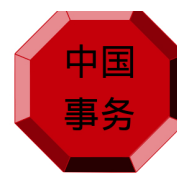
Bell Potter Securities' Giuliano Sala Tenna said the tariffs may mean future decisions on large mining projects are paused because of the level of uncertainty in the global economic environment.

"We do know that investors do like to see a more stable international environment of policy which is more predictable so that they have a better set of parameters to make that decision on."

WA business analyst Tim Treadgold said the new tariffs would have a knock-on effect on the state's mining exports.

"It's a sort of knee bones connected to the thigh bones job," he said.

"If the United States says to China, you can't send us any more steel, that says to China we don't need to buy any more iron ore from Australia."



Read more: <http://www.abc.net.au/news/2018-06-16/us-china-trade-tariffs-could-spell-trouble-for-australian-miners/9877502>

4. Australia could be sorry if China relationship isn't mended: Brumby

17/06/18

Fergus Hunter

Sydney Morning Herald

Former Victorian premier John Brumby says diplomatic tensions between Canberra and Beijing need to be resolved or the Australian economy could face long-term damage, warning there is a particular danger of isolation if the United States and China ultimately settle their own economic and strategic differences.

As a trade war beckons between the US and China after President Donald Trump announced new tariffs on \$50 billion worth of Chinese imports, Mr Brumby, the national president of the Australia China Business Council, said companies were nevertheless predicting the world's top two economies will come to an accommodation that would present a bonanza for American businesses and hurt Australian rivals.

"I think there's a prevailing view that, one way or another, the US and China will come to some agreement. They have to come to some agreement. They are the two biggest economies in the world and I think both their leaders understand that, for the world economy to do well, those two economies need to co-exist," Mr Brumby told Fairfax Media.

Read more: <https://www.smh.com.au/politics/federal/australia-could-be-sorry-if-china-relationship-isn-t-mended-brumby-20180617-p4zlzm.html>

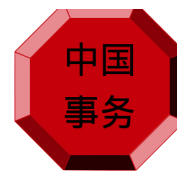
5. US-China trade war threats risk global instability, Penny Wong says

17/06/18

Amy Remeikis

The Guardian

The government and opposition have found common ground as Australia's concerns over potential "tit-for-tat" trade wars instigated by the United States increase.



Both the foreign affairs minister, Julie Bishop, and the trade minister, Steve Ciobo, have spoken of their growing discomfort with events in global trade, after the US promised to add \$34bn worth of tariffs against China from 6 July, and flagged another \$16bn down the track.

On Saturday China responded to the US tariffs by announcing 25% tariffs on \$50bn in US goods, including agricultural produce, autos and seafood.

In a statement on its website, the Chinese commerce ministry said: "China is unwilling to have a trade war, but the Chinese side has no choice but to strongly oppose this, due to the United States' myopic behaviour that will harm both parties."

It also called on other countries to "take collective action" against this "outdated and backwards behaviour".

Speaking on the ABC's Insiders program on Sunday morning, the Labor senator Penny Wong said the US decision was "a bad thing, a very negative development".

Read more: <https://www.theguardian.com/australia-news/2018/jun/17/us-china-trade-war-threats-risk-global-instability-penny-wong-says>

6. State auditor-general warns unis against increasing reliance on Chinese students

17/06/18

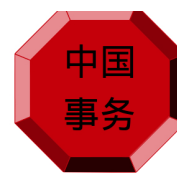
Robert Bolton

Australian Financial Review

Some of the country's biggest universities have become sharply more reliant on overseas student income in the last twelve months, prompting the NSW auditor-general to warn about the risks they face.

In the state, which is home to two of the country's biggest unis, UNSW and Sydney, overseas student revenue increased by 23 per cent last year to \$2.8 billion. Income from domestic students is flat lining at just over \$2 billion.

The NSW auditor-general, Margaret Crawford, said universities should assess their market concentration risk, especially because some of them were far more exposed than others to economic or political change in source countries. UNSW



and Sydney both get over 70 per cent of their international student income from China.

The Grattan Institute's higher education director, Andrew Norton, said the warning has relevance for all Australia's big research units since most of them use overseas student income to subsidise research budgets.

Read more (Paywall): <https://www.afr.com/news/policy/education/auditorgeneral-20180615-h11gdj>

7. China can't be allowed to expand its influence in Pacific

18/06/18

Paul Maley

The Australian

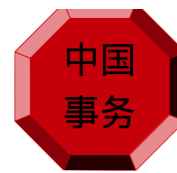
Australia cannot make the same mistakes in the Pacific that it made in the South China Sea, where Beijing militarised the area quickly and without serious challenge.

China was successful because it moved incrementally and with a finely judged sense of risk. Sand was dredged, islands were created, runways were built, and, lastly, weapon systems were deployed. Individually none of these measures warranted much more than mild protest, but collectively they changed the strategic balance in the region.

There are signs a similar process is under way in the Pacific. I say "similar" because, whereas China's activities in the South China Sea were unlawful, its duddessing of sovereign governments is not, even if it's not in Australia's interests. Also, the South China Sea is on China's doorstep, an area China seeks to control. There are more than 80,000 US troops stationed in Japan, South Korea and Guam. That's much closer to China than Vanuatu is to Australia.

But there are growing signs China is seeking to expand its -influence into our region in a way inimical to our interests.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/foreign-affairs/china-cant-be-allowed-to-expand-its-influence-in-pacific/news-story/ae07fe1ffcde8f87cf50582e36913c4a>



8. Huawei goes on front foot to deny to MPs it is a national security risk

18/06/18

Andrew Tillett

Australian Financial Review

Controversial Chinese telco Huawei is hitting back aggressively over spy agencies' efforts to veto it on national security grounds from involvement in the construction of the 5G wireless network, lobbying federal parliamentarians directly that its exclusion would push up costs for consumers, result in an inferior service and threaten the company's future in Australia.

In a letter to MPs and senators, chairman John Lord and directors John Brumby and Lance Hockridge say that the criticism Huawei poses a security risk is "ill-informed and not based on facts", with a number of other Western nations including Britain incorporating the company's technology in their networks within their security frameworks.

"To completely exclude Huawei from 5G in Australia means excluding Huawei from the entire Australian market and we don't believe this would be in Australia's best interest," the letter stated, a copy which has been obtained by The Australian Financial Review.

Read more (Paywall): <https://www.afr.com/news/huawei-goes-on-front-foot-to-deny-to-mps-it-is-a-national-security-risk-20180616-h11h5w>

9. Australia will compete with China to save Pacific sovereignty, says Bishop

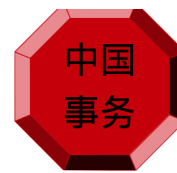
18/06/18

David Wroe

Sydney Morning Herald

Foreign Minister Julie Bishop says the Turnbull government will compete with China's infrastructure development spree in Australia's neighbourhood to help ensure small nations are not saddled with debt that threatens their sovereignty.

Making some of the frankest remarks by an Australian politician about the swift expansion of Chinese construction of roads, bridges, ports, airports and



buildings in the Pacific region, Ms Bishop said Australia needed to ensure countries in the region had choices and were not stuck with opaque development offers.

Ms Bishop, in an interview with Fairfax Media about China's signature infrastructure-building Belt and Road Initiative, said Australia was concerned about the economic viability of small Pacific nations and did not want unsustainable debt burdens imposed on them.

Read more: <https://www.smh.com.au/politics/federal/australia-will-compete-with-china-to-save-pacific-sovereignty-says-bishop-20180617-p4zm1h.html>

10. Malcolm Turnbull says media makes China-Australia relations look bad

19/06/18
Paul Karp
The Guardian

Malcolm Turnbull has blamed the media and his political opponents for portraying the China-Australia relationship as troubled, claiming issues between the countries are being settled with mutual respect.

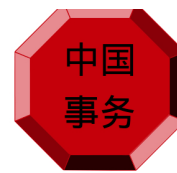
Turnbull made the comments at the Australia China Business Council on Tuesday, amid tension about Australian competition with China for influence in the South Pacific and concern from China that it is being targeted by the Coalition's foreign interference package.

Turnbull said "in the media and sometimes you'll see from politicians ... a lot more negativity presented than is actually the case".

Read more: <https://www.theguardian.com/australia-news/2018/jun/19/malcolm-turnbull-says-media-makes-china-australia-relations-look-bad>

11. Getting it right with China

19/06/18
Penny Wong
The Strategist



The China relationship is both a complex and crucial one. Politically and culturally, China and Australia are very different countries, and in such complex relationships, differences of approach, objective and opinion will inevitably arise.

These differences have become more apparent as China has become more confident in asserting its interests under President Xi Jinping. Australia is entitled to assert its national interests, just as China asserts what it sees as its interests. But it's possible for us to assert our interests and safeguard our sovereignty without being offensive and inflammatory.

A more sophisticated approach, based on both respect and a firm articulation of our convictions, will do more to ensure that our national interests are maintained than will the disjointed megaphone diplomacy the government seems to have preferred of late.

Read more: <https://www.aspistrategist.org.au/getting-it-right-with-china/>

12. Time to denounce China's Muslim gulag

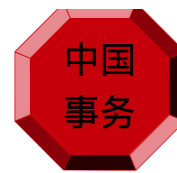
19/06/18

James Leibold
The Interpreter

One of the worst human rights abuses in recent times is occurring in China's far-western region of Xinjiang. The Chinese Communist Party has rounded up possibly one million Uyghurs, Kazakhs, and other Muslim minorities in purpose-built concentration camps where they are subjected to mental and physical abuse without legal recourse.

Despite the scale and intensity of this crackdown, few know what is happening inside Xinjiang, and even fewer are willing to say anything about it. The Australian Government must acknowledge the failure of its closed-door "dialogue" with China on human rights and join other free countries in publicly condemning this egregious abuse of power.

China unsurprisingly denies the existence of such camps, claiming "the various ethnic groups in Xinjiang have seen great progress in the protection of their human rights". Yet recent research by a handful of academics and journalists has meticulously documented the construction of a vast network of "collective re-education centres" across Xinjiang.



Read more: <https://www.lowyinstitute.org/the-interpreter/time-denounce-china-muslim-gulag>

13. Less 'bias and bigotry' needed in Australian-Sino relations says China ambassador

19/06/18

**Gareth Hutchens
The Guardian**

China's ambassador to Australia has called for Australia and China to harbour less "bias and bigotry" towards each other and work harder to build mutual trust, saying no one is benefiting from the current "cold war mentality".

Cheng Jingye also rejected suggestions China is intentionally over-burdening some Pacific island nations with debt to bring them under Beijing's control, saying it is "absurd" to suggest such a thing.

His remarks come a day after Julie Bishop, the foreign affairs minister, confirmed the Turnbull government will compete with China's infrastructure development spree in the South Pacific to ensure small island nations in Australia's neighbourhood "retain their sovereignty".

Read more: <https://www.theguardian.com/world/2018/jun/19/less-bias-and-bigotry-needed-in-australian-sino-relations-says-china-ambassador>

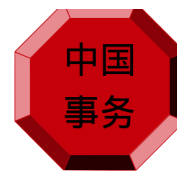
14. Terrorism trumps China, US fears for Australians

20/06/18

**Michael Fullilove and Alex Oliver
The Australian**

Australian attitudes to China, as tracked across the 14 years of the annual Lowy Institute Poll, are complicated. On the one hand, Australians warmly embrace the opportunities China presents as the economic powerhouse in our region. On the other hand, China's sheer size and growing assertiveness seems to threaten Australians.

During the past year, the China debate has morphed into something new. Revelations about the actions of wealthy Chinese-Australian donors have turned



the spotlight on to the question of influences on our politics. Yet while experts increasingly are concerned about preserving the integrity of our public life, Australians are more sanguine about the threat of foreign influence.

This year's Lowy Institute Poll reveals that only 41 per cent of the adult population sees "foreign interference in Australian politics" as a critical threat to Australia's interests. The public debate may have focused on China but Australians are less concerned. Only marginally more Australians (63 per cent) expressed concern about China's influence on Australia's political processes than about the influence of Australia's principal security ally, the US (58 per cent).

Read more (Paywall): <https://www.theaustralian.com.au/opinion/terrorism-trumps-china-us-fears-for-australians/news-story/7871080fd3da09aee90db17e0cb6699c>

15. Australia and Germany should work together on China

21/06/18

Frances Kitt and Lucrezia Poggetti
The Interpreter

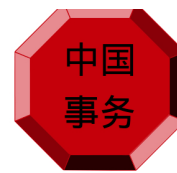
Efforts by the Chinese Communist Party (CCP) to influence Australian politics have made headlines since 2017. In recent months, similar attempts have been at the centre of German debates.

While geographically distant, Australia and Germany are well suited to address this challenge jointly, and have started to compare notes through a biannual meeting of their foreign and defence ministers.

Germany has been keen on expanding links with like-minded countries in the Asia-Pacific.

For Australia, it is a kind of pairing only usually seen with partners in its region, and with the US and UK. Australian intelligence agencies are convinced that foreign governments want to deepen their influence in the country. As a result, the government is working on laws combatting this.

Read more: <https://www.lowyinstitute.org/the-interpreter/australia-and-germany-should-work-together-on-china>



16. Looking north: PNG signs on to China's Belt and Road Initiative

21/06/18

David Wroe

Sydney Morning Herald

Papua New Guinea will become the second Pacific nation to sign up to China's massive Belt and Road Initiative infrastructure program, further tying Australia's nearest neighbour to Asia's economic giant.

In a development likely to be watched closely in Australia, PNG Prime Minister Peter O'Neill is set to sign up to China's signature strategic and economic program during a week-long visit that will include meeting with Chinese President Xi Jinping.

O'Neill, who is in Beijing accompanied by a large government and business delegation, confirmed ahead of his trip that he would join East Timor as the only countries in the Pacific region to formally endorse the program, paving the way for more Chinese infrastructure development.

Read more: <https://www.smh.com.au/world/asia/looking-north-png-signs-on-to-china-s-belt-and-road-initiative-20180621-p4zmyv.html>

17. China's Pacific presence improves Australian aid

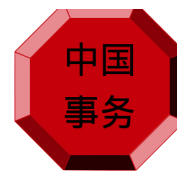
22/06/18

Shahar Hameiri

The Interpreter

Australian Foreign Minister Julie Bishop's comments on Monday that Australia will compete with China in the Pacific over funding infrastructure projects, to ensure that small island countries "retain their sovereignty", sounds rather ironic given Australia's highly interventionist stance towards the region in recent decades.

However, irrespective of the merit of Chinese infrastructure projects and the sustainability of the debt accumulated by Pacific states to pay for them, the Australian Government's decision to use the aid program to fund infrastructure is welcome and long overdue.



It is one clearly positive, although presumably unintended, outcome of China's greater economic engagement in the Pacific. Since the early 1990s at least, the Australian Government has sought to use aid as both stick and carrot to drive domestic governance reforms in Pacific island countries that often their own governments haven't wanted. This intensified after the 2002 Bali bombings, when Australian policymakers came to see potential state "failure" in the Pacific as a security risk to Australia.

Read more: <https://www.lowyinstitute.org/the-interpreter/china-pacific-presence-improves-australian-aid>

18. 'How empires begin.' China has made its global move. This is Australia's response

22/06/18

David Wroe

Sydney Morning Herald

In the Solomon Islands, a billion-dollar deal of major geopolitical importance may be about to be signed – without the relevant government minister being in the loop.

A proposal to build an airport and wharf complex for tourism in the Pacific Island nation currently has the tentative backing of a Chinese state-owned construction firm.

But Solomons aviation minister Peter Agovaka – who should be most directly responsible for the project – knows next to nothing about it.

Instead, the proposal is being handled by the country's minister of mines, Bradley Tovosia – his electorate, on the island of Guadalcanal, hosts the proposed site – and by the island's premier, Anthony Veke. Their talks have included meetings in China and Fiji.

Read more: <https://www.smh.com.au/politics/federal/how-empires-begin-china-has-made-its-global-move-this-is-australia-s-response-20180620-p4zmpo.html>