

Media Roundup Issue 74 (02/06/18– 08/06/18)

1. China, spies and the PM's new fight

02/06/18

Hamish McDonald

The Saturday Paper

The encounter still makes Richard Rigby wonder. The veteran scholar was at the Australian National University discussing with colleagues their review of how the university might reshape its research and teaching about China.

They were addressed by John Garnaut, the former journalist who had joined Prime Minister Malcolm Turnbull's staff as policy adviser and speechwriter, who is the son of a former ANU colleague, the development economist Ross Garnaut.

What he said stunned the old China hand, who had spent a career in the diplomatic service and intelligence assessment, including a term as consul-general in Shanghai before returning to his ANU alma mater as professor to run its China Institute.

"It was to the effect there's been a fundamental change in the approach we are taking to China and people needed to realise this," Rigby recalled this week. "The sort of line we'd been taking was no longer going to be the guiding one."

Read more (Paywall):

<https://www.thesaturdaypaper.com.au/news/politics/2018/06/02/china-spies-and-the-pms-new-fight/15278616006319>

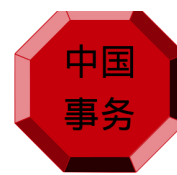
2. The Labor Party's China problem

02/06/18

Nick O'Malley

Sydney Morning Herald

When Australia's chief spy, ASIO boss Duncan Lewis, told a Senate estimates hearing last week that Australia faced a greater threat from espionage today than at any time since the Cold War he was careful not to specify which countries might be targeting us.



No one doubts that he was talking about China. The senators who were questioning him were undoubtedly talking about China.

As evidence of Chinese efforts to influence Australian institutions mounts, both major parties have reason for self-reflection.

When he quit his role as an elected representative of the Australian people the Liberal trade minister Andrew Robb walked into an \$880,000-a-year job with a billionaire closely aligned to the Chinese Communist Party.

Robb was the architect of the China-Australia Free Trade Agreement.

Read more: <https://www.smh.com.au/politics/federal/the-labor-party-s-china-problem-20180601-p4ziug.html>

3. No evidence of China interference: Bob Carr

03/06/18

Rick Morton

The Australian

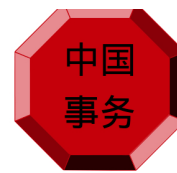
Labor's former Foreign Minister Bob Carr has refused to concede China has interfered or attempted to interfere politically in Australia, saying only that "every country promotes its interests".

In an interview with David Speers on Sky News this morning, Mr Carr — who was drafted to replace Kevin Rudd in the top diplomatic job after a botched leadership spill — said he is otherwise in lock-step with the Turnbull government on China's aggressive domination of the South China Sea.

"One brutally realistic interpretation presented last week by (Liberal Senator and former army officer) Jim Molan is that China has won through its forward-leaning and dominance in the region," he said.

"I don't see what options Australia has left beyond a vigorous diplomacy to assert our position that the international law should apply."

Mr Carr, who now heads the Australia China Relations Institute at the University of Technology Sydney, said although he would have gone further in drafting foreign interference legislation to include Australian organisations seeking to influence the nation's foreign policy, said he has seen no evidence of interference from China.



Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/foreign-affairs/no-evidence-of-china-interference-bob-carr/news-story/6b9673abff4752e5e1ed24df48abbc24>

4. Chinese aid funded alleged \$1 million bribe to former PNG leader, Somare

03/06/18

**Angus Grigg and Nick McKenzie
Sydney Morning Herald**

Chinese aid money was used to fund an alleged \$1 million bribe to the then prime minister of Papua New Guinea, Sir Michael Somare, as part of Beijing's push to exert greater influence in the Pacific.

Fairfax Media has confirmed the alleged bribery was uncovered by PNG authorities and later confirmed by Singaporean anti-corruption investigators. Details of the payment to Mr Somare are contained in Singaporean court documents released late last year. They show the alleged bribe was part of a \$4.7 million slush fund established by Chinese phone company ZTE in 2010 to ensure it was awarded a contract in PNG.

The alleged bribes were paid out of a \$US35 million concessional loan from the Export-Import Bank of China and support claims Beijing's aid money has been used to corrupt and control small nations in the region.

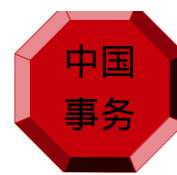
Read more: <https://www.smh.com.au/politics/federal/chinese-aid-funded-1-million-bribe-to-former-png-leader-somare-20180603-h10we3.html>

5. China's Great Wall of Debt book review: Signs that suggest China's economy could be heading towards disaster

03/06/18

**Danny Smith
The Australian**

There are two key facts worth knowing about the Chinese economy. The first is that its growth rate has slowed, from an average of nearly 10 per cent a year since the great turnaround of the late 1970s to closer to 6.5 per cent (which is also the official target) now. The second is that China's debt has risen, and that



the growth in credit and debt needed to keep the world's second-largest economy growing has increased significantly since the global financial crisis erupted a decade ago.

In 2008, China's non-financial debt amounted to 160 per cent of its national income, its GDP. Eight years later, it had increased to 260 per cent of GDP. Estimates from the People's Bank of China suggest China has added dollars 12 trillion of debt since 2008, equivalent to the size of the US banking system. China's banking system has quadrupled in size. Even for a country accustomed to generating superlatives, these are extraordinary numbers.

Read more (Paywall): <https://www.theaustralian.com.au/news/world/the-times/chinas-great-wall-of-debt-book-review-signs-that-suggest-chinas-economy-could-be-heading-towards-disaster/news-story/804f1a843b58dd2695cb9c70dbcf8380>

6. Australian citrus growers fret China trade tension may harm exports

03/06/18

Alison Bevege

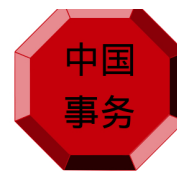
Reuters

Australia's citrus industry on Sunday called for the government to rebuild the country's fraying relationship with China, fearing trade tension may harm its booming export market.

Relations between the two nations have been severely tested amid moves by Australia to limit foreign influence, spurring legislation banning foreign political donations. Australia has also tightened regulations on foreign investment that has led to the rejection of Chinese company-led bids for sensitive assets.

Nathan Hancock, Citrus Australia's chief executive, told Reuters that farmers had carefully built the market only to see politicians threaten it with poor diplomacy. "Only a few years ago we signed a free trade agreement with China and now we find ourselves in the situation where China is threatening to stop trade with us, and teach us a lesson through trade," he said by telephone on Sunday.

"I think it's time we took this seriously. Ministers in Australia should be going to China and starting to rebuild our relationship, and this might go so far as the Prime Minister himself."



Read more: <https://www.reuters.com/article/us-australia-trade-citrus/australian-citrus-growers-fret-china-trade-tension-may-harm-exports-idUSKCN1I2082>

7. Australia must stay cool on China, and press the reset button

04/06/18

Tony Walker

ABC News

Let's call it the "China syndrome". This describes a condition that is a bit compulsive and not always rational.

Australia's response to China's continuing rise mixes anxiety, even a touch of paranoia, with anticipation of the riches that derive from the sale of vast quantities of commodities.

Economic dependence on China is two-edged and potentially policy-distorting.

To put this in perspective: Australian exports of goods and services to China in 2016-17 were worth \$110.4 billion. That accounts for nearly 30 per cent of total exports. This compares with \$20.8 billion for the US, or 5.16 per cent of total exports. The EU (including the United Kingdom) accounted for \$30.5 billion, or 9.8 per cent.

In other words, nearly one-third of Australian goods and services trade is hinged to the China market. Putting it mildly, such a level of dependence on a single market is not ideal.

Read more: <http://www.abc.net.au/news/2018-06-04/australia-china-xi-jinping-donald-trump-malcolm-turnbull/9830818>

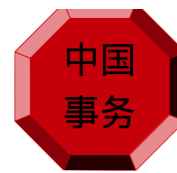
8. A study in controversy: Chinese students in Australia

04/06/18

Bo Seo

The Interpreter

According to the caricature in the popular media, Chinese international students in Australia are devoted agents of the Chinese Government. They are



“brainwashed from birth” and, in this compromised state, pose a threat to Australian universities and the values they espouse.

In this context, speaking with Chinese international students is a disillusioning experience. These students assert their own opinions and motivations as they reckon with the complex set of pressures and expectations they must navigate.

What emerges is a profile of young people that is internally conflicted and difficult to comprehend, but one that in almost every instance dispels the notion of “brainwashed” agents carrying out the will of the Chinese Communist Party.

Read more: <https://www.lowyinstitute.org/the-interpreter/study-controversy-chinese-students-australia>

9. China truth and consequences

04/06/18

Graeme Dobell

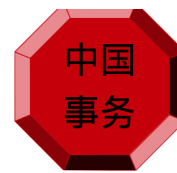
The Strategist

A lot of ‘c’ words were tossed at China during the Shangri-La dialogue—collaboration and competition, coercion and consequences, challenges and choices. The dangers of combativeness. Dark conclusions about China’s militarisation of the South China Sea.

The US promised to compete strongly, cooperate where it could, and make China see the consequences of its actions. Australia preached against coercion. In the opening Saturday address—the traditional spot for the US Defense Secretary—James Mattis set up the alliterative trail, promising ‘a constructive results-oriented relationship with China, cooperation whenever possible will be the name of the game, and competing vigorously where we must’.

Mattis told the IISS Singapore security conference that competition among nations is intensifying. The Trump administration took a clear-eyed view of this competition, ‘and cooperation with China is welcome wherever possible’. That ‘wherever possible’ line is a screaming modifier, shifting the weight in America’s cooperation–competition calculus.

Read more: <https://www.aspistrategist.org.au/china-truth-and-consequences/>



10. Chinese government denies visas for trip organised by Bob Carr's think tank

05/06/18

Fergus Hunter

Sydney Morning Herald

The deterioration in relations between Beijing and Canberra now appears to be affecting even the most China-friendly voices in Australia, with trips to the country organised by Bob Carr's Australia-China Relations Institute allegedly being hindered by punitive visa rejections.

Mr Carr, director of the institute, revealed the Chinese government has denied visas to about five Australian journalists for a trip funded by his think tank, a hindrance the former Labor foreign minister said he has not faced before.

"I'm very disappointed that, on this occasion, for the first occasion, we weren't able to get a visa and, as I put on Thursday night to his excellency the Chinese ambassador, if the delay in getting the approval was part of a freeze in the relationship, then I'd have to accept that I guess," Mr Carr told ABC radio on Tuesday morning.

Read more: <https://www.smh.com.au/politics/federal/chinese-government-denies-visas-for-trip-organised-by-bob-carr-s-think-tank-20180605-p4zji8.html>

11. US congress takes Australia's lead on countering Chinese influence

05/06/18

Cameron Stewart

The Australian

The US congress will follow the Turnbull government's lead in cracking down on Chinese political interference by introducing a historic bill today that also -cements a closer partnership with Australia on the issue.

The bill calls for a major-report to be delivered to President Donald Trump recommending ways to counter the growth of China's "sharp power" that is "intended to penetrate or corrupt democratic countries".



It comes at a time of growing tension between the US and China over trade and Beijing's militarisation of the South China Sea.

The Australian parliament's intelligence and security committee is today expected to finally endorse the government's proposed foreign espionage and influence laws after Malcolm Turnbull threatened to push ahead with legislation in two weeks with or without the committee report.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/foreign-affairs/us-congress-takes-australias-lead-on-counter-acting-chinese-influence/news-story/06534f0c1bf512c5369e4c90c1f9e3a0>

12. Australia objects to China 'pressure' in Qantas decision

05/05/18
BBC News

Australia has criticised China for pressuring Qantas to list Taiwan as a Chinese territory on its website. Qantas said on Monday that it would comply with the request from China, which considers self-ruling Taiwan a breakaway province.

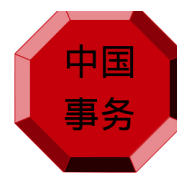
China made the same request to more than 40 other airlines, a move the US has called "Orwellian nonsense". Australian Foreign Minister Julie Bishop said Qantas alone should decide how it runs its website. "Private companies should be free to conduct their usual business operations free from political pressure of governments," she said in a statement on Tuesday.

Read more: <https://www.bbc.com/news/world-australia-44366171>

13. Winemakers demand Malcolm Turnbull step in to ease China wine woes

05/06/18
Andrew Tillett
Australian Financial Review

More than two thirds of Australian wine held up by a Chinese go-slow has been released for sale but winemakers will go ahead with a crisis meeting on Wednesday amid fears tension with Beijing could spill over into long term damage to the local industry.



Producers are frustrated that Prime Minister Malcolm Turnbull has rebuffed their efforts to seek a face-to-face meeting with him to emphasis the seriousness of the situation, and are demanding he visit China as quickly as possible to repair relations with Australia's biggest trading partner.

Representatives from four of Australia's six biggest winemakers – Treasury Wine Estates, Pernod Ricard, Casella Family Brands and McWilliams – will meet with Assistant Agriculture Minister Anne Ruston on Wednesday but, with wine exports to China now making up more than \$1 billion a year, believe that the Prime Minister needs to get personally involved.

Read more (Paywall): <https://www.afr.com/news/winemakers-demand-malcolm-turnbull-step-in-to-ease-china-wine-woes-20180604-h10yi9>

14. Kevin Rudd's China tale is not quite right

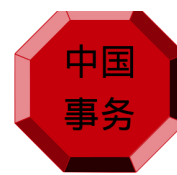
06/06/18

**John Fitzgerald
The Australian**

Kevin Rudd made quite a splash when he dropped by in February on leave from duties running the prestigious Asia Society Policy Institute in New York. He berated Malcolm Turnbull for insulting the Chinese people and failing to understand what makes China tick. Then off he flew again.

Back in the US, Rudd presents himself as a highly experienced China expert who wants to help Washington make a better fist than Canberra of its relations with Beijing. In a TED Talk webcast to almost 1.8 million viewers he introduced himself with the words: “G’day, my name’s Kevin. I’m from Australia. I’m here to help.”

The problem with US-China relations, Rudd insists, is that the US fails to understand China. In March he wrote an opinion piece for *The New York Times* titled “What the West Doesn’t Get About Xi Jinping”. That same month he gave an address to West Point cadets on the theme “Understanding China’s rise under Xi Jinping”. In each case he challenged Americans to rethink their ideas about Xi’s government and come around to his own more balanced way of understanding China.



Read more (Paywall): <https://www.theaustralian.com.au/opinion/kevin-rudds-china-tale-is-not-quite-right/news-story/1a0d296aae3b55bef62cad561e4718c8>

15. Let's not point the finger at China, says Trade Minister Ciobo

07/06/18

Primrose Riordan

The Australian

Trade Minister Steven Ciobo has declared Australia should not run around “pointing fingers” at individual countries, in an attempt to smooth over tensions with China.

Mr Ciobo’s comments at the National Press Club yesterday followed a major intervention from Australian agriculture exporters who told *The Australian* that Malcolm Turnbull needed to help end the go-slow on goods getting into China — an issue the government has said is being resolved — by -visiting Beijing to meet President Xi Jinping.

In May, Australian wine companies, including Treasury Wines, said they were having -trouble getting wine through Chinese ports as Beijing conducted more intensive checks of country-of-origin certification.

Last year, the Prime Minister and Chinese Premier Li Keqiang agreed on a \$500 million deal to improve Australian chilled beef exporters’ access to China, but there has been no progress.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/lets-not-point-the-finger-at-china-says-trade-minister-ciobo/news-story/6f0b4c485f1731e00e78ce733896eb7c>

16. China claims corruption suspects live in Australia

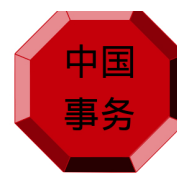
07/06/18

Primrose Riordan

The Australian

The number one corruption suspect on a new Chinese government most wanted list might live in Sydney, according to Beijing.

China’s Central Anti-Corruption Coordination Group issued a list of alleged



corruption suspects who have fled abroad including three who Beijing say likely reside in Australia and one who travelled to Australia and now resides in America.

The government agency said a former Director of Yantai Municipal Road Bureau was accused of taking bribes and had “fled” to Australia and now lived in Eastwood.

The list also included a former Henan Securities manager and a senior Communist Party official who have been identified on previous Chinese lists as residing in Australia.

As part of a major policy initiative under President Xi Jinping, Chinese security agencies have cast a global net to pursue hundreds of wanted corruption suspects.

Read more (Paywall): <https://www.theaustralian.com.au/national-affairs/china-claims-corruption-suspects-live-in-australia/news-story/4ef5bf0aec7340220c428732c8d9c304>

17. China furious, as Government and Labor unite on barriers against foreign interference

08/06/18

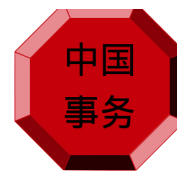
Michelle Grattan

ABC News

The Government couldn't have had a more appropriate week for the release of the report from the parliamentary joint committee on intelligence and security, which has examined its legislation to counter foreign interference.

Bipartisan agreement in the report, tabled Thursday, on the 60 recommendations, covering minor and more substantive amendments, has paved the way for a bill that has infuriated Chinese authorities to clear Parliament within weeks.

A couple of current instances have highlighted how China engages in unsubtle pressure. Qantas confirmed it would bow to China over how the carrier refers to Taiwan in its advertising and on its website. This followed a demand to three dozen airlines that they make clear that Taiwan, Hong Kong and Macau are part of China.



The Government was understanding of Qantas's position, accepting it had little choice.

Read more: <http://www.abc.net.au/news/2018-06-08/china-angry-australian-anti-espionage-laws-political-unity/9848116>

18. Time for reason, not emotion, in the "China influence" debate

08/06/18

Matthew Sussex

The Interpreter

What's at stake in the "China influence" debate? According to one view, China's rise, if unchecked, will leave Australia a mere vassal state, while the United Front Work Department rends the fabric of our democracy from within.

Viewed another way, Australia's future economic prosperity depends on us embracing a new Chinese order. A slavish reliance on a declining America, demonstrably irresponsible and inwardly focused under President Donald Trump, will only make things worse.

While it is fashionable to say that Australia does not face a "China Choice", our current hand-wringing certainly resembles it.

Unfortunately the debate, whether we need it or not, is doing more harm than good. Each side is guilty of exaggeration. The assumption that the People's Republic of China (PRC) can easily subvert our national consciousness betrays a surprising lack of faith in Australian voters, not to mention democracy itself.

But to simply write off the US flies in the face of history and consigns our most important strategic ally to the scrapheap. Is there an easier way to bring about a self-fulfilling prophecy?

Read more: <https://www.lowyinstitute.org/the-interpreter/time-reason-not-emotion-china-influence-debate>