

Australia-China relations summary



November 2018 edition

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The latest developments in Australia-China relations in November 2018.

Ministerial and opposition engagement

Prime Minister Scott Morrison on November 1 gave a key foreign policy **speech** which focused heavily on the importance of values to Australian foreign policy. His speech is discussed in some detail [here](#).

Trade Minister Simon Birmingham **visited** Shanghai and Hong Kong on November 4-8. He led an Australian business delegation to the China International Import Expo (CIIE), 'one of President Xi's **top four** foreign policy events for 2018.' The Trade Minister **described** the CIIE as 'an important opportunity for Australia to be able to engage constructively with China.' Australia had the third largest number of products and the sixth largest number of exhibitors at the expo. The People's Republic of China's (PRC) Foreign Minister Wang Yi **noted** that reports he had viewed indicated that Australia and China during the CIIE signed US\$10 billion of trade agreements. This has not as yet been confirmed by other sources.

Asked in an **interview** during his trip about whether the Australian government would be publicly critical on issues like the South China Sea and influence over politics and academia, Senator Birmingham said:

[A] respectful relationship is one where you don't change your position but, of course, you are always mindful of the way in which you approach public commentary about one another.

On November 7-8 Foreign Minister Marise Payne **visited** Beijing to meet with her PRC counterpart for the fifth annual Australia-China Foreign and Strategic Dialogue, the first high-level talks between the Morrison government and the PRC. The Foreign Minister met with PRC Foreign Minister Wang Yi at the Diaoyutai State Guesthouse on November 8, where discussions reportedly **continued beyond** the time allotted to the meeting. The meeting took place the day after the **announcement** of the Australian Treasurer's preliminary decision rejecting the Hong Kong-listed Cheung Kong Infrastructure's (CKI) \$13 billion bid for Australia's biggest gas pipeline operator, APA group, but this did not seem to affect talks.

While there were no new announcements made after the meeting, both sides went to some effort to articulate goodwill. Foreign Minister Payne stated she had been ‘welcomed very warmly’ and characterised the discussion ‘very valuable, full and candid’, as well as ‘very positive’. PRC Foreign Minister Wang stated both sides had a ‘very good dialogue’ and ‘reached our goals’. He asserted:

[W]e have reaffirmed the course of this relationship.

Foreign Minister Payne in her opening remarks emphasised ‘Australia’s commitment to deepening our Comprehensive Strategic Partnership with China’ and touched on the ‘extraordinary’ contribution of the Chinese-background Australians, echoing the Prime Minister’s [speech](#) on October 4 stressing the importance of the Chinese-Australian community.

Foreign Minister Wang [stated](#) that the dialogue was ‘an important engagement after the ups and downs that this relationship went through’. He said that the PRC appreciated remarks made by the Australian Prime Minister and his senior ministers ‘that Australia views China’s development as an opportunity rather than a threat and committed to developing a long-term and constructive partnership with China.’

According to Fairfax Media, Foreign Minister Wang in his opening remarks also [said](#):

We are ready to step up our strategic dialogue and deepen strategic cooperation...in particular rebuild and cement our political mutual trust.

He [called for](#) ‘more positive energy’ in the bilateral relationship, and asked that the Australia media ‘give more objective and balanced coverage about China-Australia relations to highlight the positive sides’.

On November 12 the Prime Minister in an [interview](#) with *CNBC* stated that with respect to the US-China trade war, disputes over the South China Sea and other areas of tension Australia, given its relationships with the US and China, is ‘in a bit of a unique position...to deescalate any issues’. He said:

That’s always been our approach because regional stability is important for regional prosperity. That’s why we don’t involve ourselves in any of the territorial disputes, we don’t take sides on those things. Those positions have been set out by Australia for some period of time. So we don’t take any sides in those types of disputes whether it’s in the South China Sea or elsewhere.

On November 13 Senator Payne [told](#) the Senate that former prime minister John Howard would represent Australia at the fifth Australia-China high level dialogue on December 7, leading an Australian delegation comprising senior representatives from government, business, academia, media and cultural initiatives to China.

On November 14 the Prime Minister met PRC Premier Li Keqiang for the Australia-China Annual Leaders’ Meeting on the sidelines of the East Asia Summit in Singapore. Premier Li [said](#) the meeting was held at a ‘turning point’ of relations following strained bilateral ties.

Asked about the Premier’s remark the following day, the Prime Minister [responded](#), ‘We’re getting on with business with China.’ He also rejected the notion that he felt any pressure to avoid any more ‘downs’ with the PRC.

The Prime Minister [visited](#) Port Moresby November 17-18 to attend APEC. While he was reportedly hoping for a bilateral on the sidelines of the summit with President Xi, a meeting did not eventuate.

On November 30 the Foreign Minister gave a [speech](#) on Australia's foreign policy and security challenges. The PRC was given scarce direct attention in her talk, save for a reference to 'a rising, more assertive China'.

In [criticising](#) the dissonance in federal ministers' responses to Victoria signing an MoU on the Belt and Road Initiative (see discussion below), Opposition Leader Bill Shorten also offered a broader critique on the government's handling of China, labelling it 'a shambles'. He stated that the Australian Labor Party's (ALP) approach 'would be to say to China, we won't give you any surprises, your rise in the world is legitimate, we see that you're very important for our exports.'

The Opposition Leader stated that while the ALP would 'determine Australia's foreign policy interest not just to keep another nation happy but in our national interest', 'it is appropriate to be respectful of other countries and not necessarily just humiliate them in the media.'

His comments are largely a reiteration of the [foreign policy](#) view he outlined in his first major foreign policy speech on October 29.

Xinjiang

Australia, in its [national statement](#) to the Universal Periodic Review of China at the United Nations' Human Rights Council, noted 'significant regression in some areas of civil and political rights since China's last Universal Periodic Review in 2013'. Australia conveyed its 'alarm' at reports of the mass detention of ethnic Uighurs and other Muslim groups, and mass surveillance targeting the same peoples. It called on the PRC to 'immediately release individuals currently detained' and cease the practice of arbitrary detention. Australia's statement has been the strongest wording yet from the country on the situation in Xinjiang.

The Foreign Minister [stated](#) during a joint press conference following the Fifth Australia-China Foreign and Strategic Dialogue on November 8 that the issue of Xinjiang had been discussed but did not provide any details. Asked again at a [doorstop](#) interview about the discussion, the Foreign Minister declined to elaborate.

PRC Foreign Minister Wang at the joint press conference touched on the matter only to [pronounce](#) that the PRC was 'firmly against the spread of terrorism'.

On November 12 the Prime Minister said, when asked about Xinjiang in an [interview](#), that Australia does not 'showboat' nor adopt 'a livestream approach' on human rights issues. He stated:

We always raise any concerns that we have, particularly about human rights issues...[But] we do that privately, we do that directly when we do these things. We don't get into showboating about these things.

...

We raise these issues directly with those with whom we want to raise them and we do it in a respectful way. In the same way we would expect any other countries to raise issues that they would like to raise with us in that way. That's how we do things, it's not a livestream approach to international relations, that's not one that I intend to follow because I don't think that's in Australia's national interest.

On November 14 *Reuters* reported on a [draft letter](#) with signatures from ambassadors to the PRC from 15 Western nations, including Australia, seeking a meeting with Chen Quanguo, Xinjiang's Communist Party Secretary,¹ The letter, in the form sighted by *Reuters*, said:

We are deeply troubled by reports of the treatment of ethnic minorities, in particular individuals of Uighur ethnicity, in the Xinjiang Uighur Autonomous Region.

In response to the report a spokesperson for the PRC Foreign Ministry [stated](#):

I see no reason why they are concerned about the situation in Xinjiang and why they try to pressure the Chinese side by raising these demands in a co-signed letter. I think what they have done is very rude and unacceptable.

On November 18 Fairfax Media [reported](#) comments by a trio of senators from differing political camps – Federal Greens leaders Richard Di Natale, Liberal senator Eric Abetz and Centre Alliance senator Rex Patrick – condemning the detention of ethnic Uighurs and other Turkish Muslim minorities internment camps in Xinjiang, and other human rights violations by the PRC. The senators were, however, divided in their recommendations as to what Australia's response ought to be. Senator Di Natale supported targeted sanctions, Senator Abetz declined to explicitly endorse sanctions but stated that the PRC 'needs to be brought to account' while Senator Patrick suggested 'a multilateral response'.

Shadow Minister for Foreign Affairs Penny Wong [reiterated](#) on November 21 'deep concern' about the situation in Xinjiang (having first released a [statement](#) on the matter in September), noting that this was a 'bipartisan position'. She also declined to endorse sanctions against the PRC, saying:

I know that in a lot of foreign policy areas people immediately reach for sanctions. I think there are a range of ways in which we should be raising these issues. What the Government is now doing is the appropriate way, which is to make these concerns very clear publicly and privately.

[W]e can't change what other countries do within their own borders on a range of issues. What we can do is express our views. No government can wave a magic wand and fix everything within someone else's country but as we have seen over the years, in terms of our advocacy, public and private, under both governments in various nations in Southeast Asia and elsewhere you can have an effect.

Australia's Uighur community have continued to speak up about the PRC's crackdown in Xinjiang, detailing personal experiences of family and friends detained and mistreated, and intimidation by PRC officials whilst in Australia.

Read about some of their experiences in these articles:

- 'Detained and in danger: The tortured Australian families who fear for their missing loved ones', [Sydney Morning Herald](#), November 17.
- 'Photo essay: Inside Australia's Uighur community', [Sydney Morning Herald](#), November 17.
- 'A community in unbelievable pain': the terror and sorrow of Australia's Uighurs, [The Guardian](#), November 28.

¹ The other envoys signatory to the letter were from: Canada, Belgium, Britain, Denmark, Estonia, the European Union, Finland, France, Germany, Ireland, the Netherlands, Norway, Sweden, Switzerland.

Australia, the PRC and the Pacific

On November 8 the Prime Minister **announced** the establishment of an Australian Infrastructure Financing Facility for the Pacific, a \$2 billion fund to 'boost Australia's support for infrastructure development in Pacific countries and Timor-Leste.'

On the same day in Beijing, the Australian and PRC foreign ministers stated their openness to trilateral cooperation in the Pacific. PRC Foreign Minister Wang **said**:

An important common understanding I and Foreign Minister Payne have reached in our discussion right now is that China and Australia have our respective strengths when it comes to cooperation with Pacific island countries. And in this regard, China and Australia are not competitors, not rivals, but cooperation partners.

Foreign Minister Payne **said**, 'We think there is some powerful opportunities for us to share skills and experience if you like', giving the example of a project already underway working with Papua New Guinea on malaria. She did not rule out infrastructure development cooperation.

Neither minister made direct reference to the Belt and Road Initiative.

A week later, on November 14, the PRC Foreign Ministry **stated**, 'China never believes that a certain country or region should become the sphere of influence of another country or several countries.'

The Prime Minister on the same day rejected the suggestion that there was a 'sense of competitiveness' in the Pacific with the PRC. He **stated**:

No, I don't believe so, and that's certainly not the spirit of which we've entered into this new initiative....Both New Zealand and Australia have always been engaging with our Pacific family and we're taking that just to a whole new level. And we're not doing that to the exclusion of others.

Shadow Foreign Minister Wong on November 15 indicated the Australian Labor Party's support for the fund, and the government's focus on the Pacific more broadly. She **said**:

[W]e welcome the Prime Minister's announcement, Mr Morrison's announcement, about an infrastructure fund and it mirrors an announcement that Bill Shorten made earlier for precisely the same type of financing facility.

Asked about the PRC Foreign Ministry's pointed 'sphere of influence remark', Senator Wong said:

My view about how we should approach the Pacific is this: we should be focusing first on what we do rather than worrying about what other countries do; we should focus on what we're doing. And the second thing is our focus should be, not other countries, but the people of the Pacific island nations. (Senator Wong's emphasis)

Senator Wong also **emphasised** that a commitment to the Pacific would be a priority for a Labor government:

[T]he Pacific will be core business. We want to be the partner of choice and we know we have to earn that.

Australia in September committed \$5 million to help Papua New Guinea (PNG) develop Lombrum Naval Base on Manus Island. The base had been run by the Australian Defence Force until PNG gained independence in 1975. On November 1 the Prime Minister and his PNG counterpart Peter O'Neill **announced** a new joint initiative at the base to 'enhance interoperability between our defence forces, and deepen our maritime security cooperation, including through increased Australian ship visits over time.'

An anonymous US diplomat **told Reuters** on November 14:

The port project on Manus was a big concern for us. It was feasible Chinese military vessels could have used the port so we are very happy that Australia will fund the re-development.

On November 18 during the APEC summit US Vice President Mike Pence said that the US would **partner** with Australia to develop the naval base on Manus Island. It is not clear yet how much in financial assistance the US will commit or whether US ships will be based there or regularly visit.

As part of the government's 'Pacific pivot', on November 18 the Prime Minister **hosted a barbeque** for Pacific leaders at the conclusion of the APEC summit.

The Foreign Minister on November 30 **nominated** security of the Pacific 'one of our highest foreign policy priorities.' She went on to provide an overview of recent initiatives Australia had commenced in partnership with Pacific nations.

Belt and Road Initiative

On October 8 Victorian Premier Daniel Andrews and the Chairman of the National Development and Reform Commission of the PRC, the country's economic planning authority, quietly signed a memorandum of understanding (MoU) on the Belt and Road Initiative (BRI). It was announced at a formal ceremony involving the Premier and PRC Ambassador to Australia Cheng Jingye on October 25 in Melbourne.

The federal government appeared to be caught off-guard by the deal, with the Prime Minister **asserting** on November 6 that Victoria 'went into [the arrangement with the PRC] without any discussions from the Commonwealth Government at all. Or taking what would seem any advice from the Commonwealth Government on what is a matter of international relations.' He said he thought the Victorian action was 'not a very cooperative or helpful way to do things'.

The Foreign Minister on the same day adopted a **different tone**, stating that states and territories are 'encouraged...to expand opportunities with China'. She rejected the proposition that Victoria not giving the federal government a heads up regarding the MoU was 'a little embarrassing', saying that the MoU was 'a matter for Victoria'.

The Trade Minister's language mirrored that of the Foreign Minister's. He **said**:

[T]he content of Victoria's arrangement is one for Victoria to discuss. I welcome the fact that Australian businesses, and those representing them, take the opportunity to engage.

He added in another [interview](#), ‘But we do ask them to be mindful of the fact that if they’re engaging in pursuing those opportunities, it ought to be consistent with our clearly stated foreign policy priorities.’

Senator Birmingham rejected the [assessment](#) that the Prime Minister’s remarks ‘suggest that he thinks there may be something sinister in [the BRI MoU]’.

Former West Australian Liberal premier Colin Barnett on November 7 [supported](#) the Victorian government’s decision, having [signed](#) (and made public) an MoU himself as premier in 2011 with the PRC on bilateral trade and investment cooperation. He said:

There is nothing wrong with what (Victorian Premier) Daniel Andrews has done in signing the MoU if it’s in Victoria’s interests.

But he should have kept the federal authorities informed and it should be made public.

The Prime Minister [called on](#) Premier Andrews to immediately release the text of the MoU.

While the Opposition Leader did not support the call for an immediate release, he [said](#) on November 8, ‘I think over time agreements that governments enter into MoUs should be available to the public.’

The Opposition also made the point that the federal government had not made public the text of an MoU [signed](#) with the PRC in September 2017 on cooperation on BRI projects in third-party countries.

Shadow Defence Minister Richard Marles on November 9, when [asked](#) ‘how comfortable’ he was with Victoria’s decision, said, ‘I don’t know what is in the agreement and so it is difficult to give an answer to that.’ But he added on the BRI broadly:

I think this needs to be engaged with on a case-by-case basis and with caution.

There will be times where there are initiatives under Belt and Road which are deserving of support but we do need to be very aware of the potential of Belt and Road and what it means in terms of China’s place in the world and what that means for us.

And so it is important that we engage with this with our eyes open and we do that with caution.

On November 11 the Victorian government released the [full text](#) of the four-page MoU, following a directive from Premier Andrews. The MoU did not commit Victoria to any projects but rather discussed cooperation in broad generalities and was liberally sprinkled with statements of principle.

An article in the MoU states it is not a legally binding document (this point emphasised by the Victorian government in an accompanying [note](#)), and provides for a termination mechanism through ‘written notice through diplomatic channels at least three months in advance.’ The Victorian government also said of the document:

The MoU is in line with a draft MoU that was provided to the Department of Foreign Affairs and Trade in June 2018.

Following the release of the text the Federal Opposition Leader [said](#) the MoU ‘was much hyped in terms of the Liberal conspiracy theories’, and lent his support to state government interactions with China:

Premiers on both sides of politics have been taking delegations to China, trying to interest investment in their particular part of Australia. I think that is the normal day to day work of state politicians.

On November 12 Queensland Labor Premier Annastacia Palaszczuk expressed a **different view** from her federal colleague:

I firmly believe that issues in relation to One Belt One Road and the relationships between China and the Australian government should be at the (national) government-to-government level.

New South Wales Liberal Premier Gladys Berejiklian on November 16 **supported** the Queensland Premier's view, although noted her support for the aim of infrastructure development initiatives, including the BRI.

The Foreign Minister while in Beijing this month met with Wang Xiaotao, the Chairman of the China International Development Cooperation Agency, which oversees the BRI. The agency was established in March. Senator Payne during the meeting '**proposed** the establishment of a development policy dialogue and technical exchanges between his agency and the Department of Foreign Affairs and Trade.'

She also **said** on development assistance:

My focus is on three key issues; on security, on stability, and on prosperity. And we should be ensuring that whatever way to deliver in terms of development assistance addresses those three factors plus the broad of international standards and transparency for which are the expectations of development assistance.

On November 12, Australia, the US and Japan **signed** a trilateral MoU 'to operationalise the trilateral partnership for infrastructure investment in the Indo-Pacific.' The trilateral partnership was **first announced** in July, with commentary around the announcement characterising the partnership as 'alternative' or 'rival' to the BRI. The joint statement on the MoU said:

The Trilateral Partnership seeks to be a force-multiplier in the Indo-Pacific, providing a new vehicle through which countries in the region can coordinate to advance their infrastructure priorities.

US-China trade war

On November 15 the Prime Minister at a doorstep interview during the East Asia Summit **told** reporters that with respect to tensions between the US and China:

Australia doesn't have to choose and we won't choose. We will continue to work constructively with both partners, based on the core of what those relationships are.

...

[W]e don't choose between the issues. We don't choose between the partners. We get on with the relationship...

He used his speech to APEC on November 17 to **warn against** 'Tit-for-tat protectionism and threats of trade wars'. He acknowledged that while there were 'legitimate questions around trade arrangements', the solution was 'more likely to be found around the negotiating table than it is in rebuilding a tariff wall.'

Cyber attacks on Australian companies

Fairfax Media on November 20 published the **findings** of a Fairfax/Nine News investigation into cyber attacks on Australia and countries in the Five Eyes intelligence sharing grouping, concluding that the attacks have been directed by the PRC's Ministry of State Security, dubbed 'Operation Cloud Hopper'. The report claims that cyber attacks on Australian companies over the last year had significantly increased. Consultancy group PwC with BAE Systems had in April 2017 published an extensive **report** on the operation, but did not at the time directly attribute the attacks to the PRC.

At face value, the conclusion that the attacks have been directed by the PRC's state security agency seem to be mostly attributed to US cybersecurity firm CrowdStrike's vice president, Mike Sentonas who said:

We noticed a significant increase in attacks in the first six months of this year. The activity is mainly from China and it's targeting all sectors. There's no doubt the gloves are off.

The Head of Threat Intelligence at British security company BAE Systems stated that the 'Cloud Hopper' attacks were directed at mining, engineering and professional service companies. He reportedly 'declined to confirm that Chinese services were behind the attacks, but said 'there was no reason to doubt' sources who claimed they were responsible.'

The report also quoted an 'unnamed senior Australian government source' who said the PRC had been undertaking 'a constant, significant effort to steal our intellectual property'.

The PRC's Foreign Ministry stated in **response**, 'Relevant reports and accusations are fabricated without facts but with hidden motives.' The PRC embassy in Australia effectively repeated this formulation, **saying**, 'There is no basis for accusations against China.'

A former FBI chief, Louis Freeh, on November 19 while in Australia **recommended** proportionate hacking retaliation – as opposed to other punitive measures such as criminal charges – as the most effective way to deter cyber attacks.

Foreign influence

On November 7, in the wake of robust discussion on Victoria's decision to sign an MoU with the PRC on the Belt and Road Initiative (see above), *The Australian* published a **story** on a Chinese-background staffer in Victorian Premier Daniel Andrews' office, linking him to the PRC's United Front. The article, entitled 'Daniel Andrews staffer link to China foreign influencers', pointed to the staffer's designation as 'special consultant' to the Shenzhen Association of Australia 'which is part of a network of organisations in Australia that is guided by the Chinese Communist Party's United Front Work Department'. The article also noted that the staffer had 'travelled several times with [the Premier] to China' and had in a speaker's biography described themselves as having played a 'key role in the development of Victoria's New China Strategy'.

The Victorian Premier the next day **labelled** the article's suggestions about the staffer and foreign influence 'a joke', and was unequivocal in his response to a question by *The Australian* asking whether undue influence had been placed on the Victorian government by Beijing:

The answer is no, that's complete nonsense.

The Australian on November 8 also **reported** on 'questions' over another Chinese-background staffer in the office of the Victoria Opposition Leader Matthew Guy, based on the fact that the staffer had attended an event in 2016 opened by the vice-minister of the United Work Front Department of Shenzhen.

Quad

The 'Quadrilateral' grouping of Australia, the US, India and Japan met in Singapore on November 14. The countries, represented by senior diplomatic officials (as they have been in previous Quad meetings), discussed 'cooperation in areas such as connectivity, sustainable development, counter-terrorism, non-proliferation and maritime and cyber security'.

Following the meeting, the four countries released separate statements broadly echoing each other, with the exception of the **Indian statement's** omission of explicit support for 'freedom of navigation and overflight', a term which had appeared in **Australia, the US** and **Japan's** statements. This difference in formulation was also **apparent** in statements released following the grouping's meeting on June 7.

While Quad countries have not as yet met at the leaders' level, leaders of the US, Japan and India met together for the **first time** on November 30 in the margins of the G20 summit in Buenos Aires, in a grouping dubbed 'JAI'.

Hong Kong Free Trade Agreement

On November 15 Australia and Hong Kong concluded negotiations on a free trade agreement (FTA) and an investment agreement after 18 months of talks. Trade Minister Birmingham and Hong Kong's Secretary for Commerce and Economic Development, Edward Yau, **signed** a Declaration of Intent in Port Moresby on the sidelines of APEC.

The Prime Minister and the Trade Minister in a **joint statement** described the FTA as a 'significant milestone'. The statement also noted that 'Australia now has an FTA with China and Hong Kong, which reaffirms the value we place on the principle of one country, two systems.'

The agreements are **expected** to be signed in the first half of next year.

PRC investigation into Australian barley exports

On November 18 the PRC announced its intention to commence an anti-dumping investigation into Australian barley exports to the country, following an application by the China Chamber of International Commerce. The PRC is Australia's largest buyer of barley.

The timing of the announcement – one day after the tense conclusion of the APEC summit – led to some speculation that the investigation was politically motivated. One Fairfax journalist **characterised** it as ‘an apparent trade warning shot’. The chair of Grain Producers Australia **said**:

Frankly, Australia wouldn’t be dumping barley in China because it’s being sold at the world market price.

China is a highly politically driven country and there is no doubt when you mix business and politics there is a cocktail of disaster.

The Trade Minister sought to dampen this assessment, **stating** the investigation was ‘not unusual’. He said:

People shouldn’t read any more into this than regulatory authorities doing their job, with whom we will of course co-operate. We are committed to maintaining a respectful relationship with China, whose ongoing economic growth we welcome and encourage.

South China Sea

On November 16-17 Japanese Prime Minister Shinzo Abe visited Darwin, the first trip to the city by a Japanese prime minister since World War II. During his visit, Australia and Japan signed several agreements on defence, scientific research and investment. In a joint press statement on November 16 the Prime Minister **said**:

Australia and Japan also stand united on the importance of resolving disputes in the South China Sea peacefully and in accordance with international law. We are strongly opposed to any actions that could increase tensions within the region.

On November 20 Washington-based think tank the Asia Maritime Transparency Initiative (AMTI) published **satellite imagery** showing a new, rapidly constructed structure topped by a radome on Bombay Reef in the disputed Paracel Islands. While the structure’s use could not be easily determined, AMTI’s analysis indicated that military use was a likely possibility. They observed:

With China’s rapid buildup of capabilities in the Paracels and Spratlys, the only probable gaps in its domain awareness over the South China Sea are in the northeast around Scarborough Shoal and, to a lesser extent, the waters between the Spratlys and Paracels. Any extension of those capabilities to the south and east from Bombay Reef would bring China closer to its goal of monitoring and projecting power across the entire waterway.

Huawei

The Trade Minister **stated** that he had not been lobbied on Huawei during his November visit to Shanghai by PRC officials, although he had in previous discussions. He also said:

But we’ve been very clear all along the decisions taken in relation to the 5G network aren’t targeted towards any particular company or country. They’ve been taken in terms of adopting a principled

stance, that is just very clear that we won't sanction companies who may be under the direct influence or control of a foreign government.

Hong Kong investment in energy infrastructure – CKI bid

On November 7 Treasurer Josh Frydenberg **announced** his preliminary decision on the Hong Kong-listed Cheung Kong Infrastructure's (CKI) \$13 billion bid for the APA Group, Australia's biggest gas pipeline operator. The Treasurer stated that the proposed acquisition 'would be contrary to the national interest'. He 'formed this view on the grounds that it would result in an undue concentration of foreign ownership by a single company group in our most significant gas transmission business.

Mr Frydenberg said that his view was informed by 'a coordinated whole-of-government assessment' as well as 'close consultation with the Foreign Investment Review Board (FIRB) and the Critical Infrastructure Centre (CIC)' although noted that the FIRB 'was unable to reach a unanimous recommendation'.

He was careful to assert that his view was not 'an adverse reflection' on CKI, and that Australia's foreign investment policy was 'not discriminatory against any investor or country'.

On November 8 in response to a question at the joint press conference following the Fifth Foreign and Strategic Dialogue regarding 'recent decisions to block several major Chinese investments in Australia', the Foreign Minister **spoke** of 'the importance of Australia's welcoming of Chinese investment in Australia', pointing to the fact that the PRC and Hong Kong had 'experienced the largest growth over the past five years'.

The Foreign Minister, interpreting the question as an allusion to the Treasurer's preliminary decision to block the CKI bid, reiterated the Treasurer's reasoning, noting that approving the bid would 'result in an undue concentration of foreign ownership by a single company group.' She, like the Treasurer, went to some lengths to emphasise that the decision was 'not an adverse reaction on the business itself'.

PRC Foreign Minister Wang at the same press conference offered a mild response to the decision **saying**, 'We hope a single case won't affect Australia's attitude to investment'.

The Foreign Minister at a later **doorstop** interview on the same day declined to respond to a question on whether the PRC side raised the preliminary decision or whether Australia proactively explained the decision.

While there was **optimism** from **some quarters** that a revised bid in the two-week timeframe between the preliminary decision and final decision would get the proposal over the line, on November 20 the Treasurer handed down his **final decision** which confirmed his preliminary view that allowing CKI's bid would be against the Australian national interest. The final decision reasserted the reasoning behind the preliminary decision.

The language employed by the Treasurer in both his preliminary and final decisions was measured and conciliatory.

The Prime Minister **reportedly** repeated the sentiment expressed by the Foreign Minister that Australia would continue to welcome Chinese investments in his meeting with Premier Li on November 14.

The head of APA observed that, in his view, wariness of PRC influence had factored into the Australian government's decision. He **said** on November 21:

Very quickly the narrative had even my mother saying to me 'Mick, why are you selling this thing to the Chinese?'

People out there have equated CKI with some mainland Chinese outfit, which is wrong.

University cooperation

On November 19 the University of New South Wales and the Chinese Academy of Sciences Institute for Science and Development (CASISD) **announced** a partnership with publishing house Springer Nature 'to increase global promotion of Australian and Chinese research.' UNSW's press statement said this 'cements the existing research relationship UNSW has had with [CASISD] since 2009.'

CASISD is one of UNSW's largest overseas research collaborators. UNSW also He with the PRC via the UNSW Torch Innovation program, which links researchers with PRC companies and the PRC Ministry of Science and Technology. It also has **partnerships** with Goldwind, the PRC's largest wind energy company, and the Jiangsu Industrial Technology Research Institute Fund, among others.

UNSW's Vice-Chancellor Ian Jacobs **said** that Australia would be 'foolish not to be looking to partner with a country that is doing such extraordinary things'. He emphasised the importance of collaboration and ideas-sharing in order to maintain competitiveness.

Professor Jacobs touched on recent debate regarding the potential **risks** posed by Australia-China research cooperation, **stating**:

We comply very carefully with defence and trade controls. If we were to find any issues that had arisen we would take them very, very seriously...The support we have had from DFAT, from defence, from ASIO is excellent. We are in discussion and we have good advice.

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