

Australia-China relations summary



October 2018 edition

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

Ministerial and opposition engagement

Prime Minister Scott Morrison and Opposition Leader Bill Shorten both gave key foreign policy speeches, on November 1 and October 29, respectively.

The Prime Minister focused heavily on the importance of values to Australian foreign policy. He cautioned against taking an ‘overly transactional approach to foreign policy and how we define our national interests’. He said that Australia ‘has a vitally important relationship with China’, highlighting trade, tourism and educational exchanges as well as people-to-people links. He asserted:

We are committed to deepening our Comprehensive Strategic Partnership with China.

He also said that ‘China is the country that is most changing the balance of power, sometimes in ways that challenge important US interests.’

While the Prime Minister noted that Australia’s ‘continued success depends on being open to trade and investment’ he added the qualification that ‘[e]conomic security alone is not enough. Prosperity requires security.’ On the security front he stated that ‘the United States remains vital to the sort of region we want to see’, adding:

The alliance with the United States is a choice we make about how best to pursue our security interests.

And US economic engagement is as essential to regional stability and prosperity as its security capabilities and network of alliances.

In an apparent nod to President Trump’s criticism of allies, the Prime Minister said, ‘Australia does not seek a free ride when it comes to regional security and prosperity’.

Earlier in the month, on October 4, the Prime Minister gave a [speech](#) at an Australian-Chinese community event in which he stressed the importance of the Chinese-Australian community. He affirmed that Australia ‘will always welcome Chinese students, investors and visitors’ and stated emphatically:

China, as the most populous nation in our region and our largest trading partner’, *is* important to Australia.
(the Prime Minister’s speech text emphasis)

The Prime Minister also nominated areas for further cooperation between the two countries, bilaterally and internationally.

He pledged that:

As Prime Minister, I am determined to build on the respectful, mutual cooperation that has forged such strong cultural rapport and led to the heights of economic success for both Australia and China over many years.

He also stated that the government is ‘absolutely committed to a long-term constructive partnership with China based on shared values, especially mutual respect’.

On October 15 ‘a group of former Australian diplomats and those closely involved in our relations with China’ (including 11 former Australian Ambassadors and a former UN Assistant Secretary General) penned an [open letter](#) commending the Prime Minister on his October 4 speech.

The People’s Republic of China (PRC) Ministry of Foreign Affairs on October 18 [stated](#) that the PRC ‘noted Prime Minister Scott Morrison’s positive remarks on China’.

Opposition Leader Bill Shorten on October 29 [laid out](#) the Australian Labor Party’s foreign policy framework. He said that differences between Australia and the PRC’s political systems and values ‘will inevitably affect the nature of our interactions’ but also stated:

[T]he next Labor government will not deal with China purely through the prism of worst-case assumptions about its long-term ambitions.

He said that the ALP would not adopt the characterisation of the PRC by the US as a ‘strategic threat’:

Pre-emptively framing China as a strategic threat isn’t a sufficient response to its role and increasing influence in our region. These kinds of false binaries take us nowhere.

...

We will deal with China, respectfully and directly at all times, and frankly when necessary. We will speak out when its actions are contrary to our own interests, as we would expect China to do the same.

The Opposition Leader gave the assurance that the ALP’s ‘commitment to the United States alliance is a pillar of our foreign policy’, but also said that they would ‘tell truth to power...recognising that we will not always see eye-to-eye on international issues.’

On October 15 Foreign Minister Marise Payne gave her first major foreign policy [speech](#) to the Australian Institute of International Affairs in Canberra. The language she adopted with respect to China was restrained.

She said:

Australia is committed to constructive collaboration and engagement with China and others in our region.

The Foreign Minister expressed Australia’s commitment to the alliance with the US, terming it ‘foundational to Australia’s national security’ and ‘at the core of our strategic planning’. She also noted that ‘even the closest

allies can have productive disagreements’, nominating as one example the different position Australia had opted on the issue of tariffs.

The moderate statements above by senior members of both major political parties come in the wake of a strident [speech](#) on October 4 by US Vice President Mike Pence gave that expressed a harder US line on the PRC.

On October 31 former foreign minister Gareth Evans said:

There’s also a tendency with this government to be obsessively deferential to Washington and I do worry that with Washington now moving to a very aggressive, hostile, confrontational stance with China, there will be pressure on the Australian government to follow suit. I think that pressure should be resisted.

Trade Minister Simon Birmingham on November 3 [announced](#) that he would be visiting Shanghai to lead an Australian business delegation to the China International Import Expo. Foreign Minister Marise Payne [announced](#) on November 5 that she would be visiting the PRC on November 7-8 to meet with her PRC counterpart for the Fifth Australia-China Foreign and Strategic Dialogue. These visits herald a thaw in the diplomatic freeze between Australia and the PRC. The last foreign and strategic dialogue – an annual affair – was held in Beijing in February 2016.

Australia, the PRC and the Pacific

The government and the opposition have both flagged increased Australian engagement in the Pacific as a priority, in a concerted effort to balance PRC activity in the region. During his October 29 speech Opposition Leader Bill Shorten [indicated](#) that an ALP government would set up a Pacific infrastructure fund:

My vision is for Australia to actively facilitate concessional loans and financing for investment in these vital, nation-building projects through a government-backed infrastructure investment bank.

Among other Pacific-oriented commitments, he asserted that the ALP would reinstate the role of Minister for Pacific Affairs and International Development, a position that had been downgraded in the government reshuffle following Malcolm Turnbull’s ouster.

A Defence Department official told a Senate Estimates [hearing](#) on October 24 that defence officials had travelled to Papua New Guinea August 28-30 to conduct a ‘scoping study’ of a multi-use port facility on Manus Island. *The Australian* on September 20 had [reported](#) that then-Prime Minister Malcolm Turnbull and PNG Prime Minister Peter O’Neill had discussed a proposal for the site to serve as a joint naval base on July 11.

Former international development minister Concetta Fierravanti-Wells on October 5 [reiterated](#) her concerns ‘about communist China’s actions in the Pacific’, writing on its ‘insidious’ debt trap diplomacy. She had earlier in the year [alleged](#) the PRC was building ‘roads to nowhere’ and ‘useless buildings’ in the Pacific. The PRC embassy in Australia [termed](#) the senator’s comments ‘unwarranted invective and blatant slander’. The criticism was echoed by an [editorial](#) in the *China Daily*.

Xinjiang

The UN Human Rights Council (UNHRC) will be conducting its universal periodic review of the PRC on November 6. During a Senate Estimates [hearing](#) on October 25 the head of the Department of Foreign Affairs and Trade’s (DFAT) North Asia Division, Graham Fletcher, nominated the situation in Xinjiang, where over a million ethnic Uighurs and other Turkish Muslim minorities are said to be held in internment camps, as Australia’s most ‘prominent’ concern about human rights in the PRC, in terms of Australia’s input into the UNHRC review.

Mr Fletcher told the Senate Committee that ‘it’s a little unclear exactly what’s going on [in Xinjiang]. But the broad shape of developments there seems to be that China has established a system to reinforce its objectives to eliminate extremism, terrorism and separatism.’ He acknowledged that ‘[t]here seems to be a

fairly widespread incidence of individuals being detained for periods for re-education and indoctrination', although noted the exact number of individuals in detention was unclear.

When asked what responses the government might be considering, Mr Fletcher did not put forth any specifics, stating, 'We're considering a range of possible measures'.

Mr Fletcher also said that at least three Australians had been detained in Xinjiang for 'a matter of weeks', but were now back in Australia. The Department of Foreign Affairs and Trade had only been made aware of the detentions after the fact. He also noted that DFAT was assisting two Australian residents trying to make contact with family and friends in Xinjiang. Representations by Australian diplomats had been made at the national government level, with details (such as name and addresses) about the family members and friends in question passed on. However, Beijing's response was that 'sufficient information' had not been supplied. Mr Fletcher was asked about a further six Australian residents who might be currently detained in Xinjiang but he responded that DFAT had no information on them.

While Australian diplomats had previously sporadically been able to visit Xinjiang, requests to visit the region have been refused for the past 18 months. These refusals have also applied to diplomats from other countries. Mr Fletcher said:

We continue to express to the Chinese government our interest in the situation in Xinjiang, our concerns about the situation there, and our interest in conducting a visit to Xinjiang.

Australia's Uighur community has generally been reticent about individually speaking out publicly, for fear of reprisals against relatives and friends in Xinjiang. However, some have recounted their experiences to news outlets. This month, an Adelaide student [told](#) the ABC that his father passed away shortly after being released from an internment camp. He said his father 'was deprived from food, deprived from sleeping...he was so weak. I can't imagine how he spent over a year under that condition.' Australia's Uighur community last month presented the Australian government with a [petition](#) containing 10,000 signatures urging the government to apply pressure on the PRC over Xinjiang.

The Australian government has refrained from publicly making any statements on the situation in Xinjiang other than a statement [expressing](#) broad 'concern'. The Foreign Minister [said](#) on November 6 that Australia's concerns had been expressed 'directly to the Chinese ambassador in Canberra, and as well to the Foreign Minister in Beijing'.

Opposition Leader Bill Shorten provided his first comments on the matter on October 29. Asked about the Labor Party's approach to Xinjiang during a question and answer session following his foreign policy speech he [said](#):

In terms of speaking truth to power...we will do it in a respectful manner. Where values diverge, we won't ignore issues. What I won't necessarily do is do it through a megaphone, but I would like to see us resuscitate a greater human rights dialogue with China.

He further [stated](#), 'We don't have all the information people are asking for in terms of Uighur treatment and what we've seen is greatly disturbing.' He added to this: 'But we will progress our foreign policy with China through an absence of surprises.'

The PRC has changed tack on their re-framed their characterisation of the situation in Xinjiang. Having previously [denied](#) the existence of so-called 're-education centres' – internment camps – in the region, the government this month [amended](#) its legislation in the region to allow local governments to 'educate and transform' individuals at 're-education camps'. The laws came into effect on October 9.

A George Washington University Law School professor observed on October 11 that the Xinjiang legislation does not in fact create a legal basis for detentions according to the PRC's own statutory regime. Read his analysis [here](#).

South China Sea

On October 10 Australia and Japan's foreign and defence ministers met in Sydney for the Eighth Japan-Australia 2+2 Foreign and Defence Ministerial Consultations. In their [joint statement](#) the countries notes they 'remained seriously concerned about the situation in the South China Sea.' They also made it a point to reassert 'the importance of a constructive and mutually beneficial relationship with China through dialogue, cooperation and engagement'.

The following day the PRC state-run media outlet *China Daily* [editorialised](#) that this was 'to cover up their real intention of jumping on the US bandwagon to contain China'. The paper lectured:

[Australia and Japan] should realise the full significance of a return of the full-scale mistrust of the Cold War, as it will create a fragile peace that risks being shattered by the slightest misstep.

They should beware that letting the US lead them by the nose as it pursues a confrontational strategy is really not in their best interests.

Reports emerged on October 2 that US destroyer the USS Decatur and a Chinese warship had nearly collided in the South China Sea while the US vessel was conducting a freedom of navigation operation. The Chinese vessel had challenged the US destroyer for sailing within the 12 nautical mile zone of the Gaven and Johnson reefs in the South China Sea, steering within approximately 40 metres of it and forcing it to change course. Prime Minister Morrison refrained from commenting on the incident beyond [telling](#) Fairfax Radio on October 3 that Australia's role was to be a 'cool head':

Well this is always the role we play. I mean we're cool heads, in this situation we're measured, we have very strong relationships with both the United States and with China...Cool heads engaging with everybody in a very calm way and ensuring that we're working for the best strategic outcomes of everyone involved here, but also most importantly, the national interest of Australia which demands the approach we're taking.

He went on to say at a [press conference](#) later that day:

Australia will continue to conduct itself around these issues in a very modest and very constructive way, working closely with our friends in the region and our friends more broadly.

Australia I think has always...played a very constructive role in all of these affairs. We'll continue to do that in a very sober, a very mature and a very measured way. In a way that would seek to deescalate any issues, rather than escalate.

Defence Minister Christopher Pyne [noted](#) that Australia 'would view any use of intimidation or aggressive tactics as destabilising and potentially dangerous', and deployed the same formulation both his predecessor and the former Foreign Minister have used on the South China Sea since around late 2016:

Australia has consistently expressed concern over ongoing militarisation of the South China Sea and we continue to urge all claimants to refrain from unilateral actions that would increase tension in the region.

On the prospect of conducting Freedom of Navigation Operations (FONOPs) the Defence Minister said:

If we decide to sail within 12 nautical miles of disputed territory, that will be a decision the government makes at the time and for good reasons, and we will know about it at the time. We're not going to be telegraphing those matters.

Foreign Minister Payne emphasised Australia's policy consistency with respect to its position on the South China Sea. She [said](#) on October 10:

Australia has consistently expressed our views about freedom of navigation and freedom of overflight in the region, according to international law, or in accordance with international law, and supporting the rules-based global order.

We have been extremely consistent in relation to that and our position hasn't changed.

The Foreign Minister seemed to make a concerted effort to ensure her comments did not single out the PRC:

[W]e would always encourage a safe and responsible approach to engagement. It doesn't matter of whom we are speaking and that applies equally across the entire region and Australia is very careful about the way we approach our maritime activity.

US national security advisor John Bolton in an [interview](#) recorded on October 11 seemed to indicate some movement towards joint Australia-US FONOPs:

We have now got more participation by allies, the British, the Australians and others, are sailing with us through the South China Sea. We're going to do a lot more on that.

Mr Bolton's comments built on Vice President Mike Pence's [speech](#) on October 4, in which he stated that in the South China Sea the US 'will not be intimidated and will not stand down'.

When asked about Mr Bolton's remarks on October 15, the Foreign Minister again emphasised the maintenance of policy consistency with respect to Australian engagement with freedom of navigation issues in the South China Sea. She asserted that Australia has been 'more comprehensively engaged through INDOPACOM [Indo-Pacific Command]' but also [said](#):

We have been absolutely consistent in our approach, that is to say, we will always prosecute our case both verbally as you have seen Australian leaders and ministers do for some time now in relation to issues of freedom of navigation and freedom of overflight.

But in an indication the government does not speak with one voice with respect to China, Liberal Senator and [newly-elected](#) chair of the Senate Foreign Affairs, Defence and Trade Committee Eric Abetz vocalised his support for Australia conducting FONOPs on October 3. He [said](#):

Freedom of navigation, if it is claimed, needs to be exercised in the area and not close to the area to indicate our strength of feeling.

If one assumes the US does it then there is nothing that should be stopping Australia, as a highly respected middle player, indicating its strong support for the position taken by the US.

Liberal Senator Concetta Fierravanti-Wells also deviated from the articulation by the Prime Minister, [calling for](#) Australia to join in FONOPs with the US on October 5:

When the United States conducts freedom of navigation exercises in the South China Sea or elsewhere, Australia should not only be supporting the activity but also joining in with the Americans to demonstrate our legal rights of innocent passage.

Liberal backbench MP and chair of the Parliamentary Joint Committee on Intelligence and Security Andrew Hastie lent his [support](#) to the same position:

My instinct is to always back your mates up. It's the right thing to do and if you don't, bullies will come for you next.

Shadow Foreign Minister Penny Wong was in broad [agreement](#) with senior government ministers:

[L]ike the government we support the continued observance of the international law of the sea.

...

[A]ny escalation of tension is concerning...We don't want to see unilateral action, risky action which seeks to, or has the effect of, escalating tension in the South China Sea over disputed borders.

On October 12 at a briefing in Canberra Australia's chief of joint operations, Air Marshal Mel Hupfeld, [said](#) of the near-collision:

The actual event itself is really for the US and China to work out and resolve.

...

Our focus is to make sure that we can still exercise freedom of navigation and overflight in the South China Sea area.

He said that Australia aims 'to keep an open dialogue with China on these sorts of issues, so that we can gain an understanding as to how they operate, that they can understand how we operate, and avoid any miscalculations that may be possible.'

Australia's navy has slowly but steadily increased its ship presence in the South China Sea. Australia's Chief of Navy, Vice Admiral Michael Noonan, [told](#) a Senate Estimates hearing on October 24, 'We've had an incremental increase of the activity of naval ships in the South China Sea over the last five years'.¹

Chief of the Defence Force General Angus Campbell [said](#) that this was reflective not only of the fact that Australia was 'more present in the South China Sea', but that Australia has been 'more present in engaging with partners throughout the region'.

Royal Australian Navy in the Taiwan Strait

The Australian [reported](#) on October 19 that an Australian navy vessel, the HMAS Melbourne, 'transited the Taiwan Strait in late September following a joint exercise with the People's Liberation Army'. *The Australian* noted that the PRC had 'fiercely opposed' the movement of two US warships through the strait earlier in the year (July 7-8).

The director of the PRC's Taiwan Affairs Office [said](#) of the US' transit: 'We staunchly oppose any move that harms China's national interest...The Taiwanese public should clearly understand the real purpose behind the US moves and not help them to play the 'Taiwan card''. Beijing does not appear, on the available evidence at the time of writing, to have made public criticism of the Australian manoeuvre.

Trade war

Senior Australian government ministers have been cautious in their treatment of the US-China trade war, concentrating on calling for de-escalation and refraining from taking sides. The Foreign Minister, Treasurer and Trade Minister have been consistent in calling for a resolution within the WTO rules construct.

On October 10 Treasurer Josh Frydenberg [told](#) reporters in Sydney that one key message he would be taking with him to the G20 Finance Ministers' meeting in Bali on October 11 was that 'trade tensions...can't get out of control'. *The Australian* [reported](#) that in comments to the outlet the Treasurer said that 'he would take a 'clear message' to the forum that the trade war must be contained.'

On October 12 the Treasurer at a dinner discussion with G20 finance ministers and central bank governors, including China's Vice Minister of Finance Zou Jiyai and US Treasury Secretary Steve Mnuchin said that as a 'trade-exposed country' it is in Australia's interest to 'see cooler heads prevail'.

¹ Vice Admiral Noonan provided the following figures: 2014: five ships operating in the South China Sea for 43 days; 2015: six ships, 84 days; 2016: seven ships, 102 days; 2017: eight ships, 254 days; 2018 (year to date): eight ships, 60 days.

Former Labor treasurer Wayne Swan, who also attended the forum, [told Sky News](#) before his departure that US actions were ‘incredibly disruptive to the established global order’ and that it was important for Australia ‘speak out very clearly and succinctly about the importance of good policy’.

On October 22, prior to a trip to Washington, Trade Minister Simon Birmingham said in a [press release](#) that he would be using his meetings with US Administration counterparts, including US Trade Representative Robert Lighthizer, ‘to advocate for a WTO-consistent resolution between the US and China.’ This built on his October 15 [comments](#), in which he said that Australia’s message to China, to the United States, to indeed to all nations is that we ought to respect trade rules, that we ought to encourage the free flow of trade where ever possible...’.

The Prime Minister stated during his first major foreign policy [speech](#) on November 1 that ‘it is important that US-China relations do not become defined by confrontation’. As Treasurer in July this year, ahead of the G20 finance ministers’ meeting in Argentina, Mr Morrison [said](#), ‘No one wins from a global trade war and that statement is more true today than at any other time in global economic history’.

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 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’.

The Coalition seems to be divided on the deal. Some members of the Coalition made [public calls](#) for its rejection. Liberal MP Craig Kelly, who chairs the backbench energy and environment committee, last month [stated](#) that he though it ‘correct that government should...have a greater concern’ about investment from non-Five Eyes partners. Former deputy prime minister Barnaby Joyce, building on his past [criticism](#) of the bid, [said](#) MPs harboured concerns about the deal but were reluctant to speak out due to apprehensiveness about causing a rift in the bilateral relationship. Others have been vocally supportive. Liberal MP Andrew Laming, [said](#) he was ‘a mad supporter...a complete support’ of the deal. He further stated:

I’m delighted with the deal and think it’s an important step for Australia. If people are worried about it being a Chinese company, a pipeline is not something they can pack up and take home.

The Treasurer said he would be making a final decision within two weeks.

Huawei, ZTE and Australia’s 5G network

The Director-General of the Australian Signals Directorate (ASD), Mike Burgess, in a [speech](#) entitled ‘Coming out from the shadows’ on October 29 stated that ‘if 5G technology delivers on its promise’ it would be ‘at the top of every country’s list of critical national infrastructure’. Mr Burgess laid out the reasoning behind the decision to block telco suppliers Huawei and ZTE from participation in Australia’s 5G network, stating that it was a decision ‘which was not taken lightly’ and that it ‘was supported by technical advice from...all elements of [his] agency.’

Mr Burgess’ speech did not mention either company by name, referring instead to ‘high-risk vendors’.

He addressed the argument that the companies' could have participated in the non-core components of the network, stating that core and non-core components were essentially impossible to separate in 5G networks. He said:

Historically, we have protected the sensitive information and functions at the core of our telecommunications networks by confining our high-risk vendors to the edge of our networks.

But the distinction between core and edge collapses in 5G networks. That means that a potential threat anywhere in the network will be a threat to the whole network.

His advice to the government, therefore, 'was to exclude high-risk vendors from the entirety of evolving 5G networks'.

The PRC Foreign Ministry [responded](#) by stating that Australia should 'discard its ideological bias'.

Huawei Australia chair John Lord, a former senior officer of the Royal Australian Navy, [said](#) of Mr Burgess' speech: 'There are only two countries...that are not using Huawei – one is the US and one is Australia. It's beyond comprehension.' He said that he was 'astounded that Australian bureaucrats have come to this view when all the evidence elsewhere says otherwise.'

Trade Minister Simon Birmingham on November 4 [stood by](#) the Australian government's decision during a press conference in Shanghai, stating the decision 'was one that takes into account national security arrangements and does so not targeting any one country or company.'

Belt and Road Initiative (BRI)

On October 25 the state of Victoria signed up to the Belt and Road Initiative, rendering it the first Australian state to formally support the PRC initiative. Victorian Premier Daniel Andrews and PRC Ambassador to Australia Cheng Jingye signed a memorandum of understanding (MoU) on the BRI. The specifics of the MoU remain unclear. The Victorian Premier's [press release](#) simply states that the agreement 'builds on Victoria's already strong relationship with China, and ensure [Victoria is] best placed to capitalise on the investment opportunities possible through the Belt and Road Initiative, meaning more trade, jobs and investment'.

The PRC's Foreign Ministry '[commended](#)' the agreement on October 30.

The Prime Minister was critical of the fact that Victoria 'went into [the arrangement with the PRC] without any discussions from the Commonwealth Government at all.' He said at a [press conference](#) on November 6:

They [Victoria] know full well our policy on those issues and I thought that that was not a very cooperative or helpful way to do things on such issues.

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 federal government has not moved towards any direct participation with the BRI, although an MoU between Australia and China [was signed](#) in September 2017 on cooperating with Australian companies on BRI projects in third-party countries.

Former Foreign Minister Gareth Evans in an extensive [interview](#) with the PRC's *Global Times* on October 31 said of the BRI:

The Belt and Road initiative doesn't particularly worry me. I do think there are issues about governance, transparency and genuine collaboration by the countries concerned. But overall it's a good thing. It's a perfect rational basis for good cooperation and good relationship in the future.

Free trade agreement with Taiwan

Fairfax Media [reported](#) on October 24 that Australia had opted against pursuing a free agreement with Taiwan following meetings with the PRC Foreign Minister Wang Yi over 2017 and 2018 in which he ‘conveyed directly to former foreign minister Julie Bishop that China was opposed to Australia boosting formal ties with the government of President Tsai Ing-wen.’

Ms Bishop said:

The Chinese government made it clear to me that circumstances had changed between Taiwan and mainland China and that China would not look favourably on Australia seeking to pursue a free trade agreement with Taiwan, as New Zealand had done some years ago.

US hacking charges against PRC intelligence officers

On October 30 the US Department of Justice announced charges against 10 PRC intelligence officers and co-conspirators for a five-year hacking operation into US aviation companies’ computer systems. In its indictment, an unnamed Australian domain registrar (‘Company L’) is [said](#) to have been infiltrated ‘in order to facilitate intrusions’.

The indictment is available [here](#).

Content-sharing partnership between the Australian Financial Review and Caixin

On October 8 the *Australian Financial Review* [announced](#) it had entered into a content-sharing partnership with Caixin, a PRC-based finance and business news outlet. The *Australian Financial Review* has similar partnerships with the *Financial Times*, the *New York Times*, the *Washington Post* and *The Daily Telegraph* (UK). *Caixin*’s partnerships [include](#) *Bloomberg News*, the *Wall Street Journal*, *CNBC* and the *BBC*.

Academics and commentators approached for comment on the deal were [divided](#). Some voiced concern about *Caixin*’s independence and whether an affiliation with the outlet might call into question the *Australian Financial Review*’s own credibility. Others noted that *Caixin* practiced good journalism and needed to be differentiated from state mouthpieces such as the *People’s Daily*, and that *Caixin* content in the Australian newspaper would be clearly marked as such.

Other Australian news outlets have, or have had, similar content-sharing partnerships with PRC-based media companies. In April 2010, it was [announced](#) that *Sky News* had signed a reciprocal programming agreement with the PRC’s national broadcaster CCTV. On June 4 2014 the ABC entered into an ‘[extensive media arrangement](#)’ with the Shanghai Media Group (SMG). This followed ‘years of cooperation, including co-productions, content sharing, news exchange and personnel exchange between the ABC and SMG since 2010’. In April this year it was [reported](#) that the ABC was set to close a China-focused website it had established as part of the arrangement after criticism about censorship of China-critical content. It remains unclear whether the site closure spells the end of the deal with SMG.

In 2016 Fairfax Media and *Sky News* signed deals agreeing to publish content from PRC state-owned news outlets. Fairfax Media agreed that mastheads the *Sydney Morning Herald*, *The Age*, and the *Australian Financial Review* would publish eight-page monthly lift-outs from *China Daily*, while *Sky News* agreed to share online content from the *People’s Daily*.

Trade

By James Laurenceson

Another record month for Australia's good exports to China - \$108.2 billion. China continues to boost the Australian economy with its demand for goods and services over the past year growing at 10.0 percent and 17.9 percent, respectively. This compares with Australia's overall economic growth rate of 3.4 percent.

The diplomatic deep freeze between Australia and China will ease in November with the Trade, Tourism and Investment Minister, Simon Birmingham heading to Shanghai for the China International Import Expo. While a welcome development, this shouldn't be interpreted as the bilateral relationship being back to normal. The Shanghai expo is a major diplomatic set piece for China as it seeks to defend itself against US accusations that it keeps its market closed to foreign goods. Australia is one of the most prominent countries with which China runs a large trade deficit. In other words, it is in China's interests to have Minister Birmingham there, despite whatever misgivings it might still have about the bilateral relationship. The real sign that a corner has been turned would be if after the Shanghai expo there is a return to the regular scheduling of annual strategic economic, foreign affairs and leaders dialogues, agreed to back in 2013.

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