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SE Opinion

HD Lot of China relations baggage in Darwin port deal

BY Laura Tingle - LauraTingle is the AFR's political editor

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LP Canberra observed

A deal to lease Darwin's port to a PLA-linked company shows all the contradictions in our ties with China.

TD Malcolm Turnbull broke with tradition on Thursday when he carried his own bags onto the RAAF jet that will take him to Indonesia, Berlin and the now annual leaders' summit season.

He may have carried his own bags, but compared with the prime ministers who have represented us in foreign parts in recent years, he left for his major overseas trip with very little baggage.

He hasn't threatened to shirtfront anyone, or become personal besties with the Japanese PM, or provoked the Chinese, or professed a lack of interest in foreign policy.

He leaves a domestic political debate smug, as always, in its insularity from foreign policy and dominated by a brawl over a tax policy we haven't seen yet, the republic, and continuing navel-gazing over the coup that brought Turnbull to power.

In the Parliament, the legislative brawls have been over multinational tax avoidance, citizenship, and foreign ownership of agricultural land: all in a way arguments about insularity and protecting ourselves from outsiders.

Yet all this only makes all the more ironic the increasingly loud rumbling over a story that goes to the heart of our most challenging foreign policy dilemma, and the increasing internal contradictions in Australia's policies towards China. The story concerns the Port of Darwin, the Chinese People's Liberation Army, the development of Northern Australia, and how it seems that, sometimes, the various arms of government don't seem to speak to each other.

There has been a growing (if belated) alarm over the announcement last month that Chinese energy and infrastructure group Landbridge had won a 99-year lease on the Port of Darwin from the Northern Territory government.

This week, the alarm bells have been ringing everywhere from the analysts at the Australian Strategic Policy Institute to Veteran Liberal Senator and troublemaker Bill Heffernan.

The concerns about Landbridge stem from the fact it is a state-owned enterprise, yet its bid for the port appears to have slipped through the net of the Foreign Investment Review Board. What's more, it is not just any state-owned enterprise but one with strong links to the People's Liberation Army. Yet it has been given control over an asset of considerable strategic significance, particularly given the decision just a few years ago to offer Darwin as a major staging post for US military equipment and personnel.

Geoff Wade is a visiting fellow at the Crawford School of Public Policy, [Australian National University](#). He wrote on ASPI's Strategist blog this week that "as if to underline the party-state links of the company, in August last year, with the support of the People's Liberation Army, Landbridge established a people's armed militia within the company" under the leadership of He Zhaoqing". He, an ex-PLA officer, is the secretary of the branch committee of the Communist Party which oversees Landbridge's operations.

"In short, Landbridge is a commercial front intimately tied to state-owned operations, the party and the PLA", Wade wrote.

Wade posted an English translation of a page from the Landbridge's Chinese-language website.

"The Landbridge Group, as a large-scale civilian enterprise has, through 20 years of unstinting effort, established its four major commercial planks of petrochemicals, port logistics, real estate and tourism and international trade", the website says. "It has actively supported the army through culture and supported the army through science and technology. It has resolved difficulties and served as a logistic backup for military units engaged in maritime training, and for the military units based in Rizhao."

How this group gained control of the strategically important port, even amid Coalition paranoia about Chinese foreign investment in other sectors notably agriculture, is not clear.

It was not required to go through the formal Foreign Investment Review Board process, apparently because it had been ticked off on an earlier deal. Northern Territory Chief Minister Adam Giles said while the port sale did not go through the FIRB process, the board was consulted.

Andrew Robb told the AFR this week that there had been a rigorous nine-month consultation process involving Defence and FIRB.

"There was strong support from all of those agencies. It's simply just not true to say there are people, described as unnamed, who are concerned".

But The Australian Financial Review is aware, through several sources, of considerable alarm in the Defence establishment. Government sources have also suggested that Defence was just "too slow off the mark". Others say the government was simply not aware of the links between Landbridge and the PLA.

The Liberal's Bill Heffernan told the joint party room this week the deal should have been properly considered by FIRB. Yet it seems likely it is too late to do anything about it.

Andrew Robb said this week criticism of the purchase was misplaced, saying it would create "billions of dollars of opportunity". Then again, he was just wrapping up a Northern Australian Investment Forum, promoting top end investment opportunities to foreign buyers.

He was pictured with the chairman of Landbridge, Ye Cheng, on the front page of The Financial Review on Monday, along with Resources Minister Josh Frydenberg.

The news is that Landbridge also wants to buy railways in Northern Australia.

Geoff Wade argues the port purchase will be a key link in China's 'maritime silk road' which is part of a plan to realise "regional economic domination and subsequent client dependency".

"This in turn will facilitate contention for regional and then global primacy with the United States. The PLA sees one of its key roles as being to protect these economic initiatives offshore. The Darwin deal is thus, among other things, a key element in the PRC's efforts to weaken the Australian alliance with the US. For these reasons there must be great security concerns about the Darwin deal."

But in terms of our domestic political debate, it seems it is little more than excess baggage.

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