



SE WORLD

HD Australia's port lease to China makes waves ; Policy experts and opposition MPs have raised concerns over the Landbridge Group deal

WC 557 words

PD 20 November 2015

SN TODAY (Singapore)

SC TDAYSG

ED APM

PG 38

LA English

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LP **CANBERRA** — Australian Prime Minister Malcolm Turnbull yesterday defended the lease of a commercial and military port in northern Australia to a Chinese firm said to have close ties to the Chinese military.

The Landbridge Group, owned by Chinese billionaire Ye Cheng, was announced in October as the winning bidder to operate Darwin's port, in a deal worth A\$506 million (S\$514 million).

TD "The concerns about defence issues or related issues were fully dealt with by our security agencies," Mr Turnbull told reporters in Manila on the sidelines of a regional summit.

He stressed that the port facilities being leased, specifically East Arm and Fort Hill wharfs, are commercial in nature, while noting that, if deemed necessary, the government can legally take control of such infrastructure for defence purposes.

Landbridge Group is a large company involved in ports and logistics, real estate, international trade and petrochemicals.

According to a statement issued Wednesday by Darwin Port Corp, the Shandong-based company will help to boost Australia's trade with Asia by developing the port's infrastructure and utilising its extensive networks in the region.

The United States was reportedly taken by surprise by the deal, with the Australian Financial Review reporting that President Barack Obama chided Mr Turnbull in Manila for not being consulted about the deal and requested that Australia "let us know next time".

Both leaders were attending the Asia-Pacific Economic Cooperation Summit in the Philippines.

Since 2011, Darwin has become an important staging post for rotational deployments of US Marines in the region, as part of Mr Obama's "pivot to Asia" foreign policy.

Mr Turnbull sought to dismiss rumours of a rift with Mr Obama, telling reporters that the deal had not been secret and in no way impacted either the operation of the Australian military or US vessels moving through the port.

"It was announced publicly early last year. It was very, very well known. The fact that Chinese investors were interested in investing in infrastructure in Australia is also hardly a secret," he told reporters.

The Australian Strategic Policy Institute, however, has raised serious concerns about Landbridge Group, which it called in a recent paper a "front" for China's People's Liberation Army.

Although it is officially listed as a private company, chairman Mr Ye is a delegate on the advisory body to China's rubber-stamp Parliament, a high-profile but largely ceremonial position handed to Communist Party backers.

Australia's main opposition Labor Party last week wrote to Treasurer Scott Morrison asking why further attention was not applied to the deal under the Foreign Investment Review Board, which scrutinises purchases by state-owned enterprises.

"It is unclear whether a full Foreign Investment Review Board process was undertaken to assess the impact of the lease arrangement", said Mr Bill Shorten, leader of the Labor Party.

Australia's Parliament, however, may hold an urgent inquiry into the lease of Darwin's port to Landbridge, according to the Australian media.

The Australian newspaper said the Upper House inquiry would examine consultations between the Northern Territory, of which Darwin is the capital, and the federal government, including the Defence Department, as well as the port's strategic importance. AGENCIES

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AN Document TDAYSG0020151119ebbk0003j

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