



SE News

HD A pattern is emerging

BY IAN KIRKWOOD

WC 683 words

PD 21 November 2015

SN Newcastle Herald

SC NEHR

ED First

PG 18

LA English

CY © 2015 Copyright John Fairfax Holdings Limited. [www.fd.com.au](http://www.fd.com.au) [<http://www.fd.com.au>]

LP opinion OUR SAY

IN our editorial leader on Friday, titled "Cash and national security", the Newcastle Herald canvassed the concerns raised by United States President Barack Obama over the 99-year lease of the Port of Darwin to a Chinese company with alleged links to that nation's military.

TD As the Herald remarked, "few such concerns were raised when the NSW government sold a 99-year lease of the Port of Newcastle to a consortium that included a major Chinese-government-owned partner".

From where I sit, foreign ownership of Australian assets has long been a hot topic of discussion. But old fears often fade.

The Hunter coal industry, with its long history of Japanese, Korean and Taiwanese investment, is a case in point.

But to me, China has always been a different scenario. While it has a growing private sector, most industry is still owned by the government of a totalitarian nation, and the private operators still have close ties to the government in an extremely opaque economy.

In 2008, a company called China Shenhua shocked the coal industry when it offered the NSW government \$600 million to build the Watermark coal mine on the Liverpool Plains.

Watermark was finally approved in January this year.

Some years ago, I heard from a number of sources that China Shenhua was frustrated with the pace of negotiations over rail access, and wanted to build its own private railway between Gunnedah and Newcastle.

One of the planning advantages when the state owns all, I suppose.

Foreign involvement in the Port of Newcastle began in April 2014 when China Merchants and the [Westpac-backed Hastings Funds Management](#) paid \$1.75 billion for a 98-year lease of the port.

China Merchants was described as having a 140-year-history, and a 20-year presence in Australia. The deal has been criticised, especially in relation to allegedly secret barriers to the privatised port competing with Botany Bay for containers.

But the Chinese government stake in the port attracted little high-level attention.

Until now.

On October 14, the Northern Territory government announced that a Chinese company, Landbridge, had paid \$506 million for a 99-year lease on the Port of Darwin, on condition it sell 20 per cent of the business to an Australian partner within five years.

Almost immediately, the [Australian Strategic Policy Institute](#) - a "non-partisan" think-tank specialising in defence issues - raised security concerns over the deal, in light of the build-up of US troops in Darwin as part of the

Obama administration's "pivot" to Asia.

China specialist Geoff Wade, a visiting fellow at the [Australian National University](#), was one of the institute members to raise concerns, and I spoke with him briefly this week about the Chinese investment in the Port of Newcastle.

The China Merchants Group website shows it has shares listed on the Shanghai and Hong Kong stock exchanges, but Wade said "China Merchants is an unashamedly state-owned company, completely under the control of the party-state".

"A pattern is emerging of Chinese state-controlled and China-directed firms taking control of key assets across Australia," Wade said.

"The aim, in my opinion, is to secure economic leverage and then strategic influence over Australia."

In the few conversations I have had with the new managers of the Port of Newcastle, they said that both Hastings and China Merchants are in the business to make money, to clip the ticket on visiting ships and to develop real estate around the harbour.

Wade said Chinese companies invariably claim that "all investments are purely commercial".

If there are other motives being pursued, Wade said we will struggle to find them.

"All such planning is done deep within the party-state", and any global aspirations that China may have in buying land and businesses around the world are kept in the background.

Other experts may beg to differ with Wade, and he could, of course, be wrong. But he poses some interesting questions that we owe it to ourselves to explore.

NS c183 : Privatizations/Nationalization | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

RE austr : Australia | china : China | nswals : New South Wales | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

PUB Fairfax Media Management Pty Limited

AN Document NEHR000020151122ebbl0000j

© 2017 Factiva, Inc. All rights reserved.