

Divisions emerge over Chinese contract for northern Australian port

James Cogan
16 November 2015

A controversy has erupted in Australia over last month's award of a 99-year-lease to operate the commercial port in Darwin, in the country's far north, to the Chinese-owned Landbridge Group. Within days of the contract being signed, US sources, analysts from a leading strategic think tank and politicians denounced it as a potential threat to "national security."

The issue has brought to the surface divisions within the Australian establishment over the extent to which its growing economic ties with China clash with its strategic alliance with the United States. The conflicts are sharpening amid the steadily escalating US military provocations against China over its territorial claims in the South China Sea, and the open discussion internationally that the resulting tensions could trigger war.

When the port contract was signed on October 14, the initial Australian media coverage focussed on the enthusiasm that the deal provoked in local political and business circles.

Adam Giles, the chief minister of the Northern Territory, of which Darwin is the capital city, hailed the deal as "a fantastic outcome." Landbridge offered significant incentives to win the contract. It agreed to pay a lucrative \$506 million, but limit its ownership to 80 percent and commit to investing up to \$200 million toward the expansion of the port facilities.

Live cattle exporters, who currently send some 600,000 stock out of Darwin port each year and aspire to increase sales across Asia and in China in particular, welcomed the decision as a "significant step towards the development of the Territory and the growing of our economy." A comment in the *Australian Financial Review* lauded the pending agreement as a stimulus to natural gas refining operations in the Darwin region.

Landbridge executive Mike Hughes told the

Australian Broadcasting Corporation that the company intended to "grow two - way trade between Australia and Asia, leveraging Landbridge's existing port and logistics businesses and firmly putting Darwin on the map for Chinese business."

The *Wall Street Journal* had a very different response. On October 15, it published an article headlined, "Australian security worries arise over China port deal." The article highlighted the former Labor government's commitment to the US "pivot" to Asia and agreement to a US marine rotation in Darwin. As a result, the port was "where thousands of US and Australian troops train and which provides the country's closest route to the disputed South China Sea waters."

According to the WSJ, an unnamed "top Australian military official said northern commanders had some security concerns." Those arose, it asserted, "as Canberra looks to bolster its alliance with Washington to include possible joint South China Sea naval patrols from the Darwin port."

The views of the main mouthpiece of American finance were quickly taken up in Australian media interviews by pro-US strategists with close links to the Australian military, particularly Peter Jennings of the Australian Strategic Policy Institute (ASPI).

On October 21, Jennings' criticisms were raised during a sitting of the estimates committee in the Senate, the upper house of the Australian parliament. "Independent" senators Nick Xenophon and Jacquie Lambie questioned Defence Minister Marise Payne and Defence Department officials on whether security concerns were raised over the port contract. Labor Party senator Nova Peris, citing Jennings, asked whether the US Navy was consulted, and was told it was not.

Jennings then extensively referenced the Senate hearing in a widely-cited comment on ASPI's *Strategist* web site on November 6, in which he effectively demanded that the contract be reviewed. He highlighted the failure to consult the US military, declaring that Washington "should be puzzled." On November 9, his colleague Geoff Wade authored a *Strategist* comment in which he claimed that the owner of Landbridge, He Zhaoqing, was a former Chinese military officer. Wade documented He's membership and relatively senior status within the ruling Chinese Communist Party.

Wade asserted: "In short, the Landbridge Group is a commercial front intimately tied to [Chinese] state-owned companies, the party and the PLA [Peoples Liberation Army]." The Darwin deal, he declared, was part of China's "contention for regional and then global primacy with the United States" and a "key element in the PRC's [Peoples Republic of China] efforts to weaken the Australian alliance with the US."

Wade declared that the situation "underlines the urgent need for both much further investigation of the Darwin contract with Landbridge and the creation within Australia of a public database which records and analyses the swiftly-expanding breadth of the interconnected PRC economic, cultural and political activities across Australia, Southeast Asia and Oceania."

Wade's claims were essentially a recapitulation of Washington's justification for its "pivot" to Asia. China's growing influence in Asia is viewed by the American ruling elite as an unacceptable challenge to the hegemony that the US has exerted over the region since World War II. The US is seeking, through diplomatic, economic and military pressure, to undermine China and compel the Beijing regime to bow down to US dominance, including by war if necessary.

ASPI's intervention, following the line of the *Wall Street Journal*, has shifted the discussion in Australia from the commercial opportunities offered by Chinese investment to the "threat" posed by Chinese companies.

On November 12, the *Australian Financial Review* published a comment by leading columnist Laura Tingle in which she declared there was "considerable alarm in the Defence establishment." The next day, the

AFR published a comment by ASPI's Paul Barnes and Peter Jennings condemning the Darwin deal as proof that an "urgent review" of foreign investment guidelines was needed. What must be taken into account, they declared, was the potential for infrastructure being "shut down or sabotaged in a time of heightened tension" and used as "a proxy for intelligence gathering" or the means "to degrade key elements of Australia's national security system." Other newspapers and media prominently reported Wade's allegations.

These criticisms led to a formal statement by Treasurer Scott Morrison on November 13 declaring that the government was "acutely aware" of the concerns and blaming the lack of scrutiny on investment laws introduced by the former Labor government. The Turnbull government, Morrison stated, was "assessing options" and would have "more to say on this issue in the future."

NT Chief Minister Giles, furious that the deal with Landbridge may end up being repudiated, was left to shout into the wilderness that Defence officials had deemed that no risks were posed by the company and that ASPI was "stirring up anti-China sentiment."

The most significant aspect of the controversy is what has not been openly said by the opponents of the Chinese port contract in the US and Australian ruling elites. The unstated premise is that a Chinese company cannot be allowed to operate key Australian infrastructure because Australia has a military alliance with the US. Moreover, the escalating tensions between Washington and Beijing mean that, sooner rather than later, Australia could be at war with China.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact