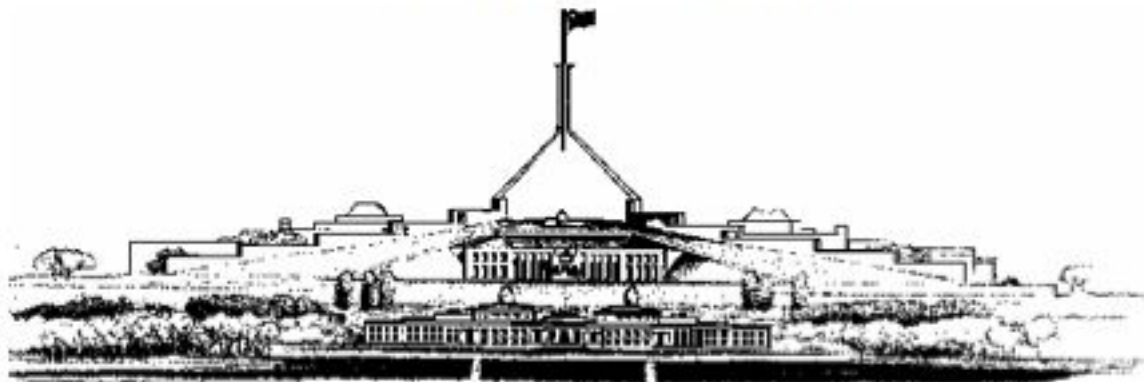




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**BILLS**

**Customs Amendment (China-Australia Free  
Trade Agreement Implementation) Bill 2015,  
Customs Tariff Amendment (China-Australia  
Free Trade Agreement Implementation) Bill 2015**

**Second Reading**

**SPEECH**

**Monday, 9 November 2015**

BY AUTHORITY OF THE SENATE

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## SPEECH

<p><b>Date</b> Monday, 9 November 2015  <b>Page</b> 7903  <b>Questioner</b>  <b>Speaker</b> Lambie, Sen Jacqui</p>	<p><b>Source</b> Senate  <b>Proof</b> No  <b>Responder</b>  <b>Question No.</b></p>
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**Senator LAMBIE** (Tasmania) (11:23): I rise to contribute to the debate on the two bills before the Senate which give a green light to an unfair trade deal between China and Australia—the Customs Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015 and the Customs Tariff Amendment (China-Australia Free Trade Agreement Implementation) Bill 2015—and to indicate the JLN's strong opposition to this legislation. Before I explain the detail of my opposition to the bills before the Senate I think it is important to state an obvious fact that both Labor and Liberal party members choose to ignore. As these bills are being debated in this place, trouble on a grand scale is brewing in the South China Sea because of the expansionist, aggressive and bullying behaviour of the Communist government of China—the people we are entering this so-called free trade deal with. And no amount of name calling—like 'xenophobe' and 'racist'—from those Liberal-Nationals members opposite, in order to stop free debate and cover up the considerable faults of the legislation, will stop me from speaking the truth in this place today.

A news report from respected media source Reuters on 31 October this year leads with the headline 'China naval chief says minor incident could spark war in South China Sea'. The article goes on to say:

China's naval commander told his U.S. counterpart that a minor incident could spark war in the South China Sea if the United States did not stop its "provocative acts" in the disputed waterway, the Chinese navy said on Friday.

Everyone in the chamber knows that China's behaviour is appalling. China is behaving like an international bully in the South China Sea. But no-one in this parliament has the courage to tell the truth. China's military right now, following orders from its President, is threatening the free movement of peaceful civilian aircraft in international airspace and shipping on international waters. And the Labor, Nationals and Liberal parties of Australia, who have all taken big political donations from people closely linked to the government of China, are prepared to reward this bad behaviour with a deal that favours a government that many respected commentators say is turning into a dictatorship.

Shame, shame, shame is all I can say when I think of this year's approaching Remembrance Day, when we will all stop and pay our respects to those brave souls who died fighting for our human rights and our freedoms against anti-democratic, anti-human-rights governments similar to the ones we are now proposing to enter into a lopsided deal with. If China was not armed with 300 nuclear warheads fitted to sophisticated missiles and did not have one of the largest conventional armies, navies and air forces, I do not think the world would allow the Chinese communist regime to get away with the military threat they have now made to world peace and a third of the world's commercial shipping.

In a speech at a defence forum at the Ronald Reagan presidential library in California this Saturday the US defence secretary, Ash Carter, said:

How China behaves will be the true test of its commitment to peace and security. This is why nations across the region are watching China's actions in areas like the maritime domain and cyberspace.

China has reclaimed more land than any other country in the entire history of the region.

The United States is deeply concerned about the extent of land reclamation and the prospect of further militarization there, which could lead to a greater risk of miscalculation or conflict.

The United States is responding to China's moves by putting its best and newest assets in the Asia-Pacific and investing in space, cyber, missile defence, and electronic warfare.

So, while the US government at the highest levels rings the freedom bell in the most strident fashion, there sits the Labor, Liberal and Nationals parties of Australia, deaf and dumb, with their heads buried in a very, very dark place and their hands held out to the rich businessmen with strong links to the Chinese government while they

agree to do a deal that sells Australia's children's sovereignty, our workers' job security and our national security under the guise of a free trade deal.

It is just wrong and misleading to tell the Australian people that it is only the US that runs the risk of losing the lives of its military. A senior communist Chinese military officer recently warned the Turnbull government that the possibility of military confrontation 'could not be excluded' should we support our American allies in freedom of navigation exercises through vital international trade routes. Australia's relationship with China is nearing a crisis despite the misleading statements made to me in the Senate by our government's bureaucrats. Today Australian sailors and American marines run the risk of being killed by Chinese ships, bombs and missiles because we want to keep international waters free and our skies open. And today our Prime Minister and Liberal, Nationals and Labor politicians pretend that our trade relationship with China is our trade deals with our other democratic international trading partners, which is absolutely ridiculous. The bottom line is that Australia is about to sign a free trade deal with a world superpower that has just warned that it may attack members of our Australian Defence Force. I repeat today what I have been saying publicly: at the very least we should delay signing any deal with China until a guarantee is given that our sailors will be safe while they are acting peacefully in international waters.

My political network and candidates will always oppose and fight this dangerous and unfair China trade deal. Unlike the Labor, Liberal and National parties, the JLN has not and will never receive millions of dollars in funding from people linked to the Chinese government. Speaking of politicians who enjoy the financial generosity of people strongly linked to the Chinese government, *Hansard* shows that the trade minister, Andrew Robb, said in the second reading speech on 16 September:

The free trade agreement with China has secured the overwhelming support of Australian business and industry. Daily, for months now, we have seen reports of industry and other organisations, all of whom studied this agreement and feel it is a fundamental part of the future prosperity and growth of this economy. The group so isolated those who are against this. We have seen Bob Hawke and all the luminaries of the Labor Party, including the current leaders at state and territory level and former major industry and trade ministers Simon Crean, former ACTU President, and Martin Ferguson, see the merit of this agreement.

My reply to Minister Robb is: before you use the commendations of former Labor members of parliament as glowing endorsements of your legislation and deal, at least have the honesty to admit that in recent years the AEC electoral figures show that the Labor Party accepted almost \$2 million in political donations from businessmen closely linked to the Chinese government—about the same amount as the Liberal Party and the Nationals. If Minister Robb is going to use quotes from luminaries of the Labor Party to justify this unfair deal, he should make sure they disclose any private deals and income that is associated or linked, once again, to the Chinese state-owned companies. Their independence may raise eyebrows once their close political business links with Chinese state-owned entities are fully explored and vetted.

During my speech I have been critical of the way this government is so eager to pretend that a private company from mainland China is just like a private company from other free trade partners, like America, Japan, South Korea and so forth. Comparing a private company from South Korea to a private company from China is absolutely ridiculous. It is deliberately deceptive. It is a deliberate strategy to talk down the very real risks of entering a deal with communist China.

Most members of this parliament will acknowledge that *The Economist* magazine is one the world's most credible sources of well-researched economic, social and political information. The 12 to 18 September issue of *The Economist*, in a special report on business in China 'Back to business' has some very interesting things to say about the difference between private and public firms in China. Page 4 of *The Economist's* report reads:

The distinction between China's state-owned and private firms is not always as clear-cut as it might seem. A company's formal status can be misleading ... And the Communist Party is everywhere: article 19 of China's company law states that a party cell must be set up in every firm above a certain size, public or private.

On page 5 the report reads:

"There are no genuinely private companies in China," declares a veteran adviser to multinational companies.

In one sense he is right. The state and the party are omnipresent and their role is enshrined in the law. Another noteworthy comment on page 5 reads:

To find out whether a given local firm is likely to behave like a state champion or a market-minded entity, you need to ask three questions. First, how strategic is its industry? Peter Williamson of Cambridge University's Judge Business School argues that the government will always meddle with firms in industries it sees as strategic, even if they are multinationals.

I wish we had Australian governments who naturally placed importance on strategic industries. That way we would have never lost our car manufacturing industry. Nor would we have lost our ability to refine petrol and come close to losing our steelmaking ability and Australian shipbuilding industry and our maritime skills.

Come to think of it, perhaps, if we want, we should outsource our government to China. If we are prepared to allow our mine and construction workers to be replaced by Chinese tradespeople, why not politicians? Australia would then have a hope of re-establishing a car industry and strengthening our ability to refine petrol, make steel and build and sail ships. While we are at it, perhaps we can get China to look after our defence as well. On paper it would be much cheaper. Of course, for those reading *Hansard*, who did not have the benefit of hearing the ironic tone in my voice, I said the last comments with my tongue placed firmly in my cheek.

The second question to ask, to find out whether a Chinese firm is likely to behave like a state champion or a market-minded entity, is: who decides on pay, promotion and the hiring? *The Economist* states that for big state-owned enterprises like Sinopec, an oil giant, the Communist Party organisation department deals with senior executives.

The third question, to find out whether a Chinese firm is likely to behave like a state champion or a market-minded entity, concerns the forms of relationship between the company and the Communist Party. *The Economist* notes:

Some business leaders proudly don the red hat. Wang Jianlin, the billionaire boss of Dalian Wanda, a vast private-sector conglomerate, was born an elite "princeling" and cunningly cultivates connections.

More comments from *The Economist* magazine, which prove Liberal, Labor and National party politicians are very silly to peddle the mistruth that Chinese private sector entities are the same as western countries' private sector entities, can be found on page 15 of their special report. It states:

A World Bank report published in June said that in China "the state has interfered extensively and directly in allocating resources through administrative and price controls, guarantees, credit guidelines, pervasive ownership of financial institutions and regulatory policies. These interventions have no parallel in modern market economies." The report quickly disappeared from the bank's website, to be replaced later by a more anodyne version.

Before I close, it is important to mention the proposed Chinese state-owned mine at Breeza, on the Liverpool Plains in New South Wales. The Shenhua mine at Breeza is a living example of why senators should vote against the bill. The mine itself was borne out of corruption from both Chinese and Australian sources. It is the wrong mine in the wrong place. It is a crime site, not a mine site. Under the provisions of these bills it will become very easy to employ Chinese workers instead of Australians once this legislation is passed. With regard to the international movement of natural persons ChAFTA's labour market testing provisions are set up to fail Australian workers and favour the importation of Chinese workers to Australia. If we cannot trust China to provide us with truthful financial figures about their economy how can we trust them to self-regulate and honestly test Australia's labour markets when it comes to hiring workers for their own projects?

In summary, the following are seven good reasons why I and every JLN candidate across Australia—including Rob Waterman, in Tasmania; Hugh Dolan, in Victoria; and Bob Davis, in Queensland—will oppose this legislation and unfair trade deal with China:

(1) The Liberals and the Nationals have run a \$10 million taxpayer-funded panda-hugging campaign on their deal with China. Trade growth and jobs will still happen without the Liberals' deal. A better, renegotiated deal with China is still possible.

- (2) China is a security threat to Australia, America and all our western allies. It is a proven bully, thief, liar and human rights abuser. Why rush into a deal—done in secret—with a bully, thief, liar and human rights abuser?
- (3) Investor State Dispute Settlement in any trade deal fundamentally undermines Australia's sovereignty and our parliament's ability to make laws in the national interest.
- (4) A trade deal should never open the door for Australian workers and tradesmen to be replaced by foreign workers. Let's be honest: no matter how you look at it, this deal opens the bloody door!
- (5) It does not make sense to put all our eggs in one risky and unstable economic basket.
- (6) Chinese political donations to the Liberal, National and Labor parties have most likely influenced ChAFTA terms and conditions in China's favour.
- (7) The Chinese government has lent dangerous amounts of money to different Australian governments. Has this dangerous Chinese debt influenced the current trade deal and other Australian government behaviour?

New research shows China holds a potentially dangerous amount of Australian government debt. By one estimate it could be as much as 20 per cent. The world's second largest economy has begun to liquidate some of its US \$3.7 trillion worth of foreign reserves, and that includes Australian government debt. There are fears that this could lead to higher borrowing costs.

On behalf of the people of Tasmania, and in the national interest, I strongly oppose these bills.