

It was a revealing line. Yang Hengjun, the Australian citizen arrested on suspicion of espionage, says an investigation officer from the Chinese Ministry of State Security told him that “Australia was dependent on China for its trade and economy, and Canberra wouldn’t help me, let alone rescue me”.

It was, one supposes, part of an attempt to break the prisoner. And of course it was completely untrue – in fact the Australian government is trying very hard and very visibly to secure Yang’s release.

But in a broader sense the official’s reference to the economic importance of China to Australia goes straight to the dilemma and the potential cost involved in what the Australian government is currently doing - and must do – in dealing with China.

The debate about China’s behaviour and influence has moved on even from earlier this month, when Trade Minister Simon Birmingham [told backbenchers](#) to keep in mind the “national interest” in what they said. That followed

[the blunt warning](#)

by Andrew Hastie, chair of the parliamentary committee on intelligence and security, that Australia needed to pay more attention to the threat posed by China’s rise.

Australia at the moment seems very explicit in its responses to concerns about China.

Read more: [***Yang Hengjun case a pivotal moment in increasingly tense Australia-China relationship***](#)

The willingness by the government to act is not new – in fact, the Turnbull government’s foreign interference legislation of 2018 may come to be seen as a turning point. But now Australia appears increasingly prepared to put aside when necessary the imperatives of diplomacy. Nor is

it as reluctant as before to admit particular measures relate to China.

It has been especially strong in its language on behalf of Yang. The choice in such a situation can be complicated - between being forthright publicly or deciding a low key approach could be more effective, to say nothing of better for keeping relations smooth. In this instance the government has loudly called out the Chinese authorities' actions. It is yet to be seen how things will end.

On another front, the government this week [announced a major move](#) in its efforts to deal with Chinese influence in Australian universities. A University Foreign Interference Taskforce will have representatives from the university sector, government security agencies and the education department.

The group will target Chinese cyber security penetration, and seek to protect research and intellectual property.

This prompts the question: how serious is the problem of Chinese interference in the university sector?

There is a spectrum of issues, from the open and arguable, through to the clandestine and illegal, such as the cyber attacks on the Australian National University.

With Chinese students 38% (153,000) of foreign students in higher education, Australian universities potentially have a high revenue vulnerability, if China reduced the flow.

Clive Hamilton, professor of public ethics at Charles Sturt University and an expert on Chinese influence in Australia, [was highly critical](#) in a lecture on Wednesday of the university sector's vice-chancellors.

“The corporatisation of the tertiary sector and the extraordinary dependence on revenue flows

from China, coupled with a sustained and highly effective influence campaign directed at senior university executives, has meant that many have lost sight of the meaning of academic freedom,” Hamilton said.

Read more: [Morrison needs to take control of China policy - but leave room for dissent](#)

Another issue, which has come into plain sight with the recent clashes particularly at the University of Queensland over events in Hong Kong, is the influence Chinese authorities exercise over many students here.

Then there is the murky area of collaborations with researchers and institutions.

A paper put out by the Australian Strategic Policy Institute late last year authored by Alex Joske, one of ASPI's analysts, highlighted that “China's People's Liberation Army (PLA) is expanding its research collaboration with universities outside of China.

"This collaboration is highest in the Five Eyes countries, Germany and Singapore [...]. Australia has been engaged in the highest level of PLA collaboration among Five Eyes countries per capita, at six times the level in the US."

In the education field, it is not just the universities where China's influence has become a growing worry. This month the NSW government announced it would end the Confucius Classroom program that has been running in 13 schools. The program, dealing with language and culture, has been funded by the Chinese government.

A review concluded: “The primary concern is the fact that the NSW Department of Education is the only government department in the world that hosts a Confucius Institute, and that this

arrangement places Chinese government appointees inside a NSW government department.”

Read more: [**Australia has too few home-grown experts on the Chinese Communist Party. That's a problem**](#)

On a totally different front, hearings at the NSW Independent Commission Against Corruption this week [produced a new episode](#) in the long running saga of the activities of Chinese property developer Huang Xiangmo.

ICAC heard evidence that Huang allegedly gave \$100,000 in cash to NSW Labor in 2015, despite donations from property developers being illegal. The ALP covered up the donation. As a result of the evidence, the general secretary of the NSW party Kaila Murnain has been suspended.

Leaving aside alleged egregious illegalities, the wider point is that large donations (and Huang donated to both sides) are made in the hope of buying political access and influence.

Huang, who late last year was stripped of his permanent residency and banned from re-entering Australia on ASIO advice because of concern over his links with the Chinese Communist Party, has achieved the bizarre distinction of having contributed to the political downfall of two senior Labor figures.

Former senator Sam Dastyari's dealings with Huang were central to events leading Dastyari quitting parliament.

This was influence of a sort the billionaire businessman hadn't quite intended.

Grattan on Friday: Australia isn't avoiding prodding the Chinese bear

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Anyone identifying the challenges Scott Morrison will face this term would have to put managing the China relationship high on the list. It's a complicated juggle, trying to keep bilateral relations on course while protecting Australia's sovereignty, as well as advancing its strategic interests through policies such as the Pacific step up.

Although it's sometimes interpreted as responding to US pressure, basically it is Australia's own national interest currently driving its toughening position.

Much as we might wish the Australia-China relations could be kept on an even keel, and crucial as that might be for Australia's economic wellbeing, the indications suggest the ups and downs will continue and may get rougher.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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