

The threat of WeChat, Alipay and other Chinese social media platforms to the financial and economic sovereignty of Australia.

WeChat is a platform where immigration fraud, money laundering and pervasive criminal activity takes place, further the ability to transact in RMB on Australian territory is a fundamental threat to the financial sovereignty of Australia, given that these transactions are not reported to anti-money laundering authorities such as AUSTRAC or even the ATO, the potential for abuse is unstated.

What this committee has to understand is that WeChat is not a social media platform in the ordinary sense of Western social media platforms. It is an all in one platform consisting of payments, communications, food delivery and a variety of other services in the forms of mini-programs which may or may not be subject to Australian regulation depending on industry. Social media companies make a mockery of Australian law and regulations through tax evasion and interference, however this is particularly true for Chinese social media companies which frequently operate under the radar by operating in Chinese diaspora circles and pay little to no tax and were not included in the media bargaining negotiations.

For example, platforms such as WeChat and Alipay operate in hundreds of retail stores and restaurant through Australia through the provision of payment services in RMB through intermediaries such as Royal Pay, however what Australian politicians fail to understand is that:

1. The use of RMB on Australian territory whether it be through WeChat Pay, Alipay or any other payment platform is a threat to the financial sovereignty of Australia and the sovereign currency of the Australian dollar itself.
2. Regulations on social media and social-electronic payment providers have not kept up to date with changes in technology. Anti-money laundering legislation needs to be updated urgently to force platforms such as WeChat Pay and Alipay (Including their intermediaries) into handing over information to AUSTRAC, the ATO and Home Affairs and to the furthest extent possible, transact in AUD not RMB when on Australian territory or at the very least report all transaction activity to AUSTRAC and ATO.

Further, the newly passed Data Security Law and Cybersecurity Law by the Standing Committee of the National People's Congress is a fundamental threat to the judicial sovereignty of Australia since it prevents the export of user data outside the PRC without prior authority of the Chinese government, severely inhibiting or even manipulating any potential data which is handed over to Australian law enforcement and preventing Australian security or intelligence agencies from investigating any potential criminal activity taking place on such platforms.

Australian politicians fail to understand just how much a threat platforms such as WeChat are to the financial and economic sovereignty of Australia. Australian organizations such as the ABC are prevented from registering accounts and disseminating information to the Chinese diaspora community within Australia since such activity would be considered to be in violation of Chinese law (Specifically Article 12 which states:

“Any person and organization using networks shall abide by the Constitution and laws, observe public order, and respect social morality; they must not endanger cybersecurity, and must not use the Internet to engage in activities endangering national security, national honor, and national interests; they must not incite subversion of national sovereignty, overturn the socialist system, incite separatism, break national unity, advocate terrorism or extremism, advocate ethnic hatred and ethnic discrimination, disseminate violent, obscene, or sexual information, create or disseminate false information to disrupt the economic or social order, or information that infringes on the reputation, privacy, intellectual property or other lawful rights and interests of others, and other such acts.”

Further, in addition to the Cybersecurity law of 2017, the Data Security Law of 2021 also poses a significant threat to the sovereignty of Australia since it specifically prohibits the export or transfer of data to foreign justice organisations without prior approval of state organs within China. Specifically Article 36 which states:

Article 36: The competent authorities of the People's Republic of China are to handle foreign justice or law enforcement institution requests for the provision of data, according to relevant laws and treaties or agreements concluded or participated in by the People's Republic of China, or in accordance with the principle of equality and reciprocity. Domestic organizations and individuals must not provide data stored within the mainland territory of the People's Republic of China to the justice or law enforcement institutions of foreign countries without the approval of the competent authorities of the People's Republic of China.

— *National Security Law of the People's Republic of China, Chapter IV: 'Data Security Protection Obligations'*

Australian law urgently needs reform to force Chinese social media companies to:

1. Refrain from engaging in censorship in Australia
2. Allow public broadcasters such as the ABC in addition to any government departments or any other media organization located in Australia to register accounts on their platforms without the threat of censorship or shut down any time they publish information which may be detrimental to the Chinese state
3. Reporting any and all data they hold on financial transactions to AUSTRAC, ATO and any other regulatory authorities since they take place on Australian territory and in a foreign currency (Notably RMB)
4. Hand over any and all information without obfuscation when requested by Australian law enforcement authorities, specifically in the investigation of financial crimes, and immigration fraud two of the types of offences most frequently perpetuated on the platform.
5. Reveal all state media accounts which are operating in Australia through such platforms and propagating the messages of the Communist Party of China

Any less than the above must lead to the banning of such platforms specifically WeChat from operating in Australia since the creation of parallel economic, monetary and media environments within Australia is **fundamentally** a threat to the democratic institutions of Australia in that they create a parallel world in which the party exerts its control and propagates whatever messages it desires while censoring those it does not, damaging social cohesion and the multicultural society within which we live by creating parallel financial, economic and media networks within Australia separated from mainstream society.

Further, WeChat Pte Ltd does not state what guarantees users from the PRC will not be subject to PRC law when they arrive in Australia. In many cases users of 'Weixin' are still subject to Chinese restrictions even after arriving in Australia, therefore WeChat Pte's claim that 'Weixin' and WeChat are 'sister apps' is completely disingenuous and dissembling in an attempt to preserve its market share and activities in Australia. Australia **must** assert its sovereignty over its data and its fundamental economic system lest the fabric of Australian democracy tears apart at the seams through the export of the Communist Party of China's digital authoritarianism, censorship and financial imperialism into Australian society along with every other Western society on the face of this earth.

The final point which must be repetively emphasized is that when Chinese citizens leave China they do not leave censorship regime within China but export it and bring it overseas when they continue to use WeChat within Australia (Since their accounts were registered in China using Chinese phone numbers), WeChat does not automatically convert users after such a move. (I speak as a user of WeChat myself)

Chinese citizens and diaspora exist within a parallel media environment within Australia and even when they leave China where the only message is that of the party's through official WeChat accounts such as People's Daily, Qiushi, Xinhua and GMW or Guangming Daily. Messages disparaging of the Australian government, its democratic system and certain Australian politicians are frequently propagated, inciting Chinese diaspora within Australia to resent Australia's leaders and its political system of parliamentary democracy. This **cannot** be tolerated. It erodes social cohesion and creates ethnic disunity and proactively impairing integration, while facilitating a whole host of malicious activities under the nose of Australian authorities such as tax evasion, migrant exploitation (through lack of adequate information on available assistance, rights and Australian law), immigration fraud and academic misconduct (to name just some of the services offered on the platform)

As a Chinese Australian myself, I fear the Australian government has been far too lenient on Chinese companies, and Chinese social media companies in particular. I urge this committee to take action on the issues outlined above in the strongest terms possible, lest the ethnic unity, social cohesion which is foundational to democratic values is ground to dust and eroded by the party's digital, financial and economic infiltration and wanton intrusion.

The party's economic and financial expansion is not just a form of interference but a form of financial and digital imperialism through the export of the party's censorship and financial system in the guise of the propagation of Chinese payment and communication systems. If Australian politicians and members of the committee do not understand this it may be too late and time may be running out of Australia.

Sincerely

John Xu

See here for additional information:

<https://www.bloomberquint.com/politics/china-passes-law-to-strengthen-control-over-tech-firms-data>

https://en.wikipedia.org/wiki/Cybersecurity_Law_of_the_People's_Republic_of_China

https://en.wikipedia.org/wiki/Data_Security_Law_of_the_People%27s_Republic_of_China