

Australia's Belt and Road Story: Managing a Better Narrative

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The name has been changed, but what is now China's Belt and Road Initiative is still far from uniformly welcomed. Australians are not the only ones concerned about foreign ownership of key infrastructure, but the government must be proactive about seeking Belt and Road opportunities.

A friend of mine recently returned from a holiday in Sri Lanka. When recounting the details of her jaunt, one of the first things she noted was the development surge in Colombo, predominantly funded by China. Chinese investment isn't the usual topic of choice for this particular friend, so I found this a curious observation.

The reason that it was central to her tale was because a number of locals were extremely forthcoming in pointing out China's overwhelming presence in the country. They would concede that, yes, much of the infrastructure erected in the past few years was made possible only by Chinese capital, but they feared that Beijing's economic influence would inevitably lead to political domination.

Sri Lanka has become a large recipient of Chinese investment, partly due to its strategic location along the maritime trading route that is part of China's Belt and Road Initiative (BRI). The Sri Lankan government has [openly embraced BRI](#), and Prime Minister Ranil Wickremesinghe was one of the [28 leaders](#) who attended the Belt and Road Forum in Beijing earlier this week. During the forum, [he said](#), "Sri Lanka plans to use its strategic location and leverage on our connectivity to become the hub of the Indian Ocean."

In early 2017, [thousands of Sri Lankan villagers protested](#) against Chinese investment in the Port of Hambantota, a project branded under the BRI. In December 2016, state-owned enterprise (SOE) China Merchants Port Holdings made a bid for an 80 per cent stake in the Port of Hambantota for a period of 99 years. However, the deal was stalled in February this year due to domestic opposition. As a Sri Lankan member of parliament from the Hambantota electorate put it, "People here fear [the port deal] will lead to Chinese colonisation."

It is clear that the Chinese investment quandary we face in Australia is not just confined to this Great Southern Land. Indeed, there is some commonality

between the Sri Lankan port case and the furore at home about Darwin Port. In 2015, the Chinese company Landbridge acquired 80 per cent of Darwin Port for a period of 99 years. These are the same terms procured by China Merchants Port Holdings over the Hambantota port, and the company also holds a 50 per cent stake in Australia's Port of Newcastle.

This is where Australian politicians need to sit up and take note. A 2016 public opinion poll surveyed the rationale of Australians who oppose foreign investment in critical infrastructure. [The study](#), in which I was involved, by the Australia-China Relations Institute and the UTS Business School, found that the number one attribute most concerning to respondents when considering foreign investment in critical infrastructure was the share of foreign ownership. The higher the foreign owner's share, the lower the rate of public approval.

The second most concerning factor was the length of the lease. To summarise the equation: 80 per cent foreign ownership plus a 99-year lease equals an unhappy Australian public. Apparently the same equation applies to Sri Lankans. Port trade unions have requested the Hambantota [deal be reduced](#) to a 65 per cent share and a 50-year lease.

The bad news is that Australia is unlikely to clinch significant Belt and Road opportunities if the government is unable to render Chinese investment in critical infrastructure more politically palatable. The good news is that by examining the *raison d'être* behind public opposition to Chinese investment, the government has a chance to address these concerns. It must first gather more data on why foreign investment is keeping Australians awake at night. Then, rather than [rejecting a Chinese bidder outright](#) in response to these fears, perhaps the government can establish conditions around the sale. These are measures the Australian government can take in order to begin welcoming Belt and Road projects Down Under.

Shadow Minister for Foreign Affairs Penny Wong has urged the Turnbull government, "to display much greater confidence in harnessing the opportunities of the Belt and Road Initiative". Instead, the government has so far avoided any proactive measures by [distancing itself from the BRI](#), which [some have posited](#) is China's grand strategy for political and economic domination of the region.

China is acutely aware of the [anxiety](#) surrounding the BRI and has made a feeble attempt to downplay concerns by [changing its English name](#) and emphasising that it is simply an 'initiative', rather than a 'strategy'.

The state-owned newspaper *China Daily* has also deployed a number of softer-than-soft power measures to alleviate fears, including producing a series of Belt and Road [bedtime stories](#) and a Belt and Road [nursery rhyme](#), certain to catch on momentarily in playgrounds across the globe. I'm not sure how many children are engaged in the debate about China's strategic ambitions, but no doubt the bedtime stories have at least been effective in the aim of putting them to sleep.

It is interesting to note that the heads of government [at the Belt and Road Forum](#) were predominantly from developing countries, particularly from Asia, while much of the Western world sent lower-level officials. The heads of the United Nations, World Bank and International Monetary Fund were all present, while Italy's prime minister was the only G7 leader to take part in the forum.

This tends to send a message about priorities. Even traditionally [front-footed](#) New Zealand decided to send its science and innovation minister, rather than its foreign minister, trade minister or prime minister.

While our opportunities may be dwindling every day that we dither, the Belt and Road Initiative will not simply disappear. Neither will our problem with Chinese investment. To reconcile the inherent tension between attracting much-needed capital and Australia's aversion to foreign investment, the Australian government needs first to listen to the people.

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