

## Summary of Second China Matters Young Professionals national meeting

25 August 2017, held in partnership with Asialink Business in Melbourne

The Second China Matters Young Professionals national meeting brought together 35 select individuals from business and the public service to discuss specific challenges facing Australia's relationship with the People's Republic of China (PRC). The two topic sessions attempted to formulate policy recommendations for the Australian government and/or business community.

### **Session I: Does the Belt and Road initiative (BRI) threaten Australia's interests?**

Viewpoints were spread across a spectrum. There were those who welcomed the potential economic and diplomatic benefits of the BRI for Australia, and at the other end were those who believed that engagement with the BRI would pose risks for Australia's national security and the rules-based order in the Asia-Pacific region. Those in the centre were apprehensive of the BRI's ambiguous nature and recommended adopting a "wait and see" approach.

While there was agreement that the BRI is yet to be concretely defined, there was disagreement over the implications of this indefinability. Some argued that the lack of tangible detail about the BRI makes it difficult to show its demonstrable benefits to Australia, and therefore should not warrant Australia's engagement. Conversely, many believed that by engaging with the BRI, Australia could define it according to our interests (for example, a more transparent BRI).

A participant noted that the geostrategic intent of the BRI was secondary to how successful the BRI will be to serving Australia's economic interests. However, possible security risks of the BRI were acknowledged by most. Several participants highlighted espionage and the vulnerability of Australian critical infrastructure. Others refuted this concern, arguing that risks are inherent with any foreign investment, and that Australia needs to strengthen its capacity to manage risk.

Participants agreed that there needs to be improved coordination between federal and state governments with respect to the BRI. In light of the proposed BRI alignment with the Northern Australia Infrastructure Facility, one participant said that this is especially urgent given the vulnerability of the Northern Territory (referring to the abundance of critical infrastructure and the remoteness of the region).

Participants expressed that by not signing a memorandum of understanding (MOU) with the PRC on the BRI, we would be "on the back foot" compared to other countries who openly support the BRI. However others suggested that CHAFTA is the cornerstone of Australia's economic relationship with China, and with negotiation of RCEP underway, signing an MOU is not critical.

### **Policy Recommendations**

1. The federal government should broaden the dialogue on the BRI within Australia. This includes actively engaging state and territory governments, leaders in business, economists, and the security establishment "at the same table" in order to outline a concrete plan and avoid the creation of a policy vacuum.
2. Australia should commit to discussing the BRI with China with the goal of identifying areas of cooperation and potentially shaping the project in a way that conforms with our interests and expectations. A possibility would be utilising the ASEAN Summit to create a regional dialogue.

## **Session II: Should values be central to Australia's China policy?**

Participants disagreed over whether or not Australia has a core set of shared values. Some participants suggested that there are no set, formal Australian values. Others refuted this, explaining that there are a set of inherent values present in our foreign policy and approach to the world, for example democracy and freedom of expression, that are intrinsic to Australia.

Whether Australia should “export” our values or not was a divisive point. Some questioned the necessity of doing so, noting that the PRC is a non-interventionist state itself, and would thereby be unreceptive to interventionist action. Many understood that openly reprimanding the PRC over a values-clash, even through official diplomatic channels, could lead to diplomatic fallout and not only harm Australia's relationship with China but could engender retaliatory economic measures against Australia.

One participant argued that due to state sovereignty, Australia at most could only set an example to China. Another questioned the feasibility of attempting to impose Australian values on the PRC, explaining that the PRC is a country with an inherently different set of values to Australia.

The suggested red-line for Australia upholding its values despite the possibility of angering the PRC was if the PRC were to intervene in Australia domestically. The example discussed was the PRC government's recent effort to influence Chinese-language media in Australia and its potential to undermine Australian media freedom and integrity. Participants also focused on how best to balance a robust economic relationship with China whilst staying true to Australian values. Participants argued about whether economics or values were secondary, with an even split in opinion.

A clear-cut policy recommendation was not forthcoming from this session due to the complexity of interests at stake, and the uncertainty surrounding whether Australian values are a determinable concept. Participants also did not examine the key question of the possibility of the PRC undertaking retaliatory measures such as economic coercion to display its displeasure with a policy decision by Canberra.

### **Policy Recommendation**

1. To overcome the perceived values-clash between Australia and China, we must invest more resources in efforts to deepen an understanding of ‘the other’ among Australian and PRC citizens. This could include investment into points of connection and cohesion e.g. sports, culture, arts, education, as well as providing incentives for Australian media to produce bilingual media content.

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