



**Keynote Address at the Welcoming Dinner of the Seventh National Meeting of
China Matters**

**The Honourable Christopher Pyne MP, Minister for Defence
Industry; Member for Sturt, South Australia**

Sydney, 06 June 2018

Thank you for the opportunity to speak this evening at the *China Matters* National Conference Dinner.

It's my first opportunity to be involved with China Matters, and I'm impressed by the depth and breadth of the group gathered here tonight – I only regret, and apologise, that I cannot stay longer this evening.

Linda Jakobson, the founding director and CEO of China Matters, has written that “maintaining a fruitful and constructive relationship with the PRC, in all its dimensions, is the biggest challenge Australia has faced.”

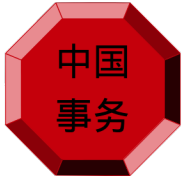
Others would argue that China's economic rise is also one of the greatest opportunities for our nation, in terms of the trade and economic relationship.

It may well transpire that both are true.

I understand that the theme for your conference tomorrow is about narrative – what is the narrative we can apply to China and our relationship with China to take us forward into the future.



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The successful politicians are good at narrative. If they're not, they can make a lot of good decisions but failing to communicate them means no one knows about their achievements.

When I'm confronted with a Defence official briefing me about something like 'Land 200' or 'Joint Project 2096' I stop them in their tracks and get them to tell me what it is they are actually talking about, in layman's terms

"Land communications" and "integrated intelligence databases" in case you were wondering.

Being able to converse in acronyms doesn't mean you are smarter, it just means you are unintelligible.

If I can't communicate what we are doing in Defence Industry to the Australian people, then I'm not doing my job.

And don't get me started on the Defence sector's predilection for strange names. Why not call a helicopter a helicopter, rather than a 'rotary wing asset'?

A good example of narrative is how I explain the benefits of our naval shipbuilding plan to the people of Adelaide.

We're investing over \$90 billion in our Naval Shipbuilding Plan.

But numbers that big don't really register. Who can even conceptualise that much money?

When I explain that the building in which we will build the future submarines is as big as the Adelaide oval, things start to make sense.



Those numbers melt away and people can visualise the work it would take to construct such a building, the concrete, the cabling, the steel, how many people must work inside it, how many new jobs there will be.

That's narrative.

Now when it comes to China, I'm by my nature inclined to see a positive narrative.

I strongly believe we should focus on the many positive elements of the relationship in any discussion about the challenges.

The Lowy Institute, in its recently released Asia Power Index, has looked to quantify the power of nations in the Asia region. China is ranked second in overall power after the US.

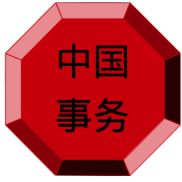
By 2030, China's GDP is forecast to be almost twice the size as that of the United States.

China is already the largest trading partner to 20 of the 24 countries in the Asia-Pacific.

The Lowy Institute ranks China first in 'future trends'. We all know that the future for China is bright.

This isn't a change – China has always had inherent advantages that place it firmly at the table in any global context – but more and more now we are looking at how we both benefit from that rise.

History shows that times of significant shifts in great power relationships are times of complexity for the world.



That is why the Australian people and our institutions are engaging in spirited debates about the implications of China's economic, military and social development.

And it is right that this is so.

Unsurprisingly, we have seen some contradictory opinions being advanced about Australia-China relations.

The Australian Government is firmly committed to maintaining a constructive, positive relationship with China founded on our broad mutual interests, and on mutual respect, for our mutual benefit.

China and Australia continue to gain significant benefits from this relationship.

It is unrealistic to expect any two nations to agree on everything, but any differences can be managed through respectful and honest discussions and negotiations.

China and Australia's success can, and should, go hand in hand.

The relationship between our two nations is broad and deep.

More than a million Australians claim Chinese heritage, as the Prime Minister has said on several occasions, we cannot imagine modern Australia without the contributions of Chinese-Australians.

One third of our exports are to China.

One fifth of our imports come from China.

In fact, two-way trade with China accounts for a higher percentage of Australia's total trade than almost any other significant Asia-Pacific economy.



Tourism is growing, with 1.8 million people travelling in both directions over the past year.

Chinese students are the largest international cohort to take advantage of our world-class educational institutions, with 180,000 welcomed to our shores just last year.

Australia is the second largest destination for international students from the region, after the US.

Many thousands of Australians are also studying in China.

China is a host nation for students and scholars under the New Colombo Plan – a great innovation that Julie Bishop and I launched in 2013 soon after coming to office.

Australia has the most comprehensive free trade agreement with China of any nation that provides a sound framework for two-way investment and commerce.

These exchanges of trade, tourism, education and capital have enormous value to both nation, and are major factors in our national economic and social wellbeing.

It's not all smooth sailing, of course.

Last year, the Australian government released our Foreign Policy White Paper to guide our international engagements for the next decade and beyond.

The White Paper aims to provide a framework through which we can manage our interests in a dynamic global environment.



It identified the rules-based international order as important for Australia interests and for regional and global prosperity.

That order is the network of organisations, treaties and alliances built up since World War II as part of the collective effort to ensure we never again suffer through the horrors of global conflict.

China has a particular responsibility to uphold this order as one of the five permanent members of the United Nations Security Council, which is charged with upholding international peace and security.

It is inevitable that as China's economic strength increases so too will its military and that has significance for a new and dynamic regional order.

The White Paper concluded that as a major geopolitical player, China has the ability to influence many of Australia's interests, directly or indirectly.

Like all nations, Australia seeks to influence the environment in which it operates to protect and promote our national interest and that of our citizens.

Australia is a G20 country.

Our economy is the world's 13th largest – and one of the most globally-connected and trade-dependent on the planet.

We play significant roles in regional groupings and international bodies, including the G20, East Asia Summit, ASEAN Defence Ministers' Meeting Plus, APEC, the United Nations.

We have world-class universities and research institutions and a highly skilled workforce.

We are a creative powerhouse.



Australia played a hand in many innovations we now take for granted – the Wi-Fi connecting all our devices to the internet for example.

As Minister for Defence Industry, I'm proud that Australia has one of the most technologically sophisticated militaries in the world.

This is vividly illustrated by our unprecedented \$200 billion renewal of defence capabilities, including a \$90 billion Naval Shipbuilding Program, which I am delighted to oversee the greatest build up of our military capability in our peacetime history as Minister for Defence Industry.

Our Defence forces are developers and adopters of innovation.

This makes Australia an attractive partner in regional security, such as through our support to the Philippine military to defeat ISIL-aligned extremists who had sought to occupy Marawi City.

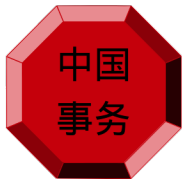
We also work with nations throughout our region and beyond, combating terror networks and transnational crime such as people smuggling, piracy and drugs.

China is also a significant contributor to anti-piracy operations, United Nations peacekeeping forces and humanitarian assistance and disaster relief.

The Chinese government has reported that it has more than 2500 troops committed to 10 peacekeeping missions, including in Sudan and the Congo.

We work together on many issues bilaterally.

Australia and China have over 100 separate dialogues, consultations and other joint activities, including seven ministerial-level dialogues.



Our cooperation covers a broad range of subjects including bilateral trade, investment, health, immigration, tourism, defence, environment, resources and energy, agriculture, counter-terrorism, and cyber-policy.

We are currently cooperating with China on a multi-million dollar project addressing malaria in Papua New Guinea.

In September last year Minister Ciobo signed an MOU with China on cooperation and investment in infrastructure in third countries.

Over time this cooperation may come to encompass Belt and Road related projects, which is something that would depend of course on their commercial merit.

The rules-based international order has seen the greatest expansion in prosperity in human history and China has been a major beneficiary with hundreds of millions of people lifted out of poverty.

China has an important leadership role through the UN Security Council and also through its direct interactions with other nations.

We acknowledge the strong stance that China has taken by implementing sanctions against North Korea, which has been crucial in bringing them to the negotiating table.

In the South China Sea, the Australian government has been consistent.

We are not a claimant state.

We continue to urge all nations to negotiate peacefully to resolve any issues through negotiation, including the management of natural resources.



As the Prime Minister, Foreign Minister and Trade Minister have all said on multiple occasions over the past few months, we welcome a prosperous China, and one constructively engaged in global affairs.

We look forward to working with China to strengthen the rules based order that protects the rights of all nations equally.

One thing that has always struck me is that officials from other countries have a more confident impression of Australia's power and influence than we sometimes do of ourselves.

The Lowy Institute's Asia Power Index ranks us sixth in the region – after the US, China, Japan, India and Russia.

That's a combination of our economic strength, cultural and diplomatic influence and our military capability and networks.

We should not underestimate our own capabilities and strengths.

I recall one meeting in Shanghai, when Education Minister, where I pointed out that students in China exceed ours in international education tests every year.

In response, my Chinese interlocutors lamented that their students are not as creative as Australians and they were keen to learn more about our approaches and philosophies about education.

This exchange was one of countless others where I've seen first-hand how much Australia has to offer.

So we should be confident in Australia's ability to manage and adapt and prosper in our rapidly changing region.



Concluding remarks

To conclude, the Australia-China relationship has brought great mutual benefit to both nations.

The Australian Government is committed to a constructive, positive relationship with China founded on our broad shared interests, which include promoting regional peace, security and prosperity.

We will continue to promote an open, inclusive and prosperous Indo-Pacific region in which the rights of all states are respected.

Where we come into disagreement with China, we manage those differences of opinion through frank and respectful dialogue.

Above all, we must not allow the occasional difficulties between our two countries to overshadow the vastly greater strong fundamentals we share, and to which this government is committed to further strengthening.

I wish you all the very best for a successful National Conference tomorrow.

Thank you.



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