

Summary of Fourth China Matters Young Professionals National Meeting

7 September 2018, held in partnership with the Perth USAsia Centre in Perth

The Fourth China Matters Young Professionals national meeting brought together 32 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 sessions attempted to formulate policy recommendations for the Australian government and/or business community.

Session I: How should Australia respond to the PRC's growing presence in the South Pacific?

Participants discussed the Belt Road Initiative (BRI). One participant suggested that despite contention, it is important to view the initiative from the perspective of prospective BRI partners, whilst others emphasised Australia's legitimate security concerns of the PRC's growing presence in the region. Several also concluded that Australia's soft power in the South Pacific should not be underestimated, and that Australia could consider greater cooperation with New Zealand in the region. The possibility of incentivising the PRC to work with Australia in the South Pacific was also debated.

Policy Recommendations

1. The Australian government should double-down on its engagement efforts in the South Pacific to avoid being marginalised in the region. Efforts could include promoting the positive outcomes of Australian aid which is often less visible e.g. through relaunching Radio Australia.
2. The Australian government should advocate for increased transparency in project contracts and procurement in the South Pacific. A first step could be advocating that PRC aid is Development Assistant Committee compliant.

Session II: Should Australia welcome PRC investment in new growth sectors, such as agribusiness?

The need for consistency in decision-making about PRC investment was emphasised through this session. Some participants argued that this was an inaccurate assessment, and that Australia is consistent in investment approval. The main issue is in fact the high-profile nature of rejected cases. There was agreement that a distinction must be made between joint investment and outright control, as well as that agriculture is a 'safer' area of investment. A final point was made about the Foreign Investment Review Board's opacity and that this is vital to prevent 'gaming' of the system i.e. manipulation of the rules.

Policy Recommendations

1. It is vital that both sides of politics agree on the boundaries of FDI investment discussions in order to prevent PRC investment becoming a partisan political football.
2. DFAT or Austrade should emphasise to PRC investors to engage locally in the early stages of deal negotiation to both maintain Australian input and support the investment application process.