

# What should/can be the role of corporations in Australia's engagement and influence in Asia?

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Thanks for the opportunity to talk to you today.

The topic today is what should, or can, be the role of corporations in Australia's engagement and influence in Asia?

I thought I'd start with noting a very important piece of advice I received earlier in my career.

## **An Old Economist's Advice**

Early in my career I briefly worked for a distinguished Australian named John Stone.

Most of you will be too young to know who he was but he was once a big fish in the Australian political and policy environment, first as an unusually outspoken Secretary of the Australian Treasury and then later as a Senator for Queensland at which stage I was his chief of staff for a brief time.

John was an exceptionally talented Economist and while I didn't agree with all his views you could not but acknowledge his very strong intellect.

I mention him because he taught me that being on top of Australian domestic economic data and trends and also political issues was a necessary condition to be a good analyst, it wasn't a sufficient condition.

To actually be a top-notch analyst you needed to be across the international dimension.

Then you would meet both the necessary and sufficient conditions to be a good analyst.

You had to follow the financial and other going's on in the US, Europe and Asia.

And that wasn't just an every-now-and-again refresher.

It needed to be a constant daily, or at worst weekly, part of your job.

Indeed, it was clear that anyone who was destined for the top of the bureaucratic pile especially in Treasury almost certainly had to have worked overseas or studied there during their career.

## **My career**

You have had outlined to you a bit of my CV and so I don't want to repeat that too much but I note that I can talk to you today from the perspective of someone who has spent a lifetime skipping between the private sector, the political scene and the public service – both domestically and internationally.

I have worked as the Chief of Staff of the Minister of Defence and I worked as an international public servant as the Executive Director of the Bahrain Economic Development Board in the Middle East.

In more recent times I have also worked as an economic consultant.

Recently I did a report for APEC Trade Ministers on the cross-border regulation of the digital economy and I'm currently working on a strategic agenda for APEC economic ministers.

Further last year I was working in Saudi Arabia for the Ministry of Commerce and Investment on their economic reform agenda called Vision 2030.

I feel I can particularly make some salient points to this group as someone who has been the CEO of the Australian Chamber of Commerce and Industry.

And to build on what I was saying about being on top of international developments I note that while most of you may look at ACCI or for that matter the BCA and other industry associations as only domestically focused, that is not the case.

In the case of ACCI a large part of the resources and effort goes into the international sphere.

That can be seen most simply in its membership and interactions with a large number of important international bodies, representing the business community, that you may never have heard of. Most are global, but with a strong interest in Asia.

## **ICC**

At the top of the list is the International Chamber of Commerce with membership from national chambers from some 140 countries.

The ICC was formed in the 1920s after WW1 to promote free trade.

It is the primary business body representing pro business views into the WTO, and the UN system, where in recent years it has heavily focused on the climate change debate.

Particularly interesting for us Australians is that the current Secretary General of the ICC is an Australian, John Denton.

Some of you will know John as a very successful Australian lawyer who previously ran Corrs Chambers Westgarth.

The ICC also runs the international carnet system which allows businesses to transport product samples around the world without facing tariff duties.

They also run one of the most important non-government voluntary arbitration systems with eminent jurists.

I was a former chairman of the International Chamber of Commerce (Australia) and a councillor at ICC General Meetings.

## **IOE**

Another important body that the Australian business community expends a lot of resources on via the vehicle of ACCI is the International Organisation of Employers.

Its role is to represent the international business community at the International Labour Organisation – the ILO.

The ILO is the body that sets a lot of the labour market regulatory frameworks and standards that are then adopted around the world.

That also extends to workplace health and safety regulations.

So, to be a voice at the table where these standards are being written is very important.

You can be sure that on the other side of the table the ACTU is being represented by the equivalent trade union body, which as it turns out currently run by the former ACTU president Sharan Burrow, as the General Secretary of the International Trade Union Confederation.

There is a lot of ILO and IOE capacity building work going on in Asian countries and Australia is often the lead facilitator in these programs.

## **BIAC**

Another very influential international organisation is the OECD.

It helps set standards on myriad economic policies around the world.

For example, taxation or competition policies, and any number of regulatory systems involving cross-border issues.

Again, as with the ILO there is a permanent business group and a trade union group that are lobbying the OECD's activities.

For business that is the Business and Industry Advisory Committee (BIAC) of the OECD on which I use to sit as the councillor from Australia.

The business community around the OECD member countries all pitch in and pay for a permanent secretariat that is based in Paris.

For the years I participated the Secretary General was a former senior businessman from Japan.

## **CACCI**

Closer to home there was also the Confederation of Asia Pacific Chambers of Commerce and Industry which as the name indicates focused on Asia Pacific issues.

It holds regular meetings and when I ran ACCI I found it an invaluable forum for directly interacting with my CEO counterparts from Japan, Indonesia, India or wherever.

I was a Vice President designate of CACCI and also a chair of their Joint Policy Committee for 6 years.

In addition to what I have outlined for the ACCI, there are a large number of sector-based industry associations that have their sector based international linkages.

You may check to see what opportunities they can afford you.

All these international linkages provide Australian business (especially large corporations) with opportunities to network and influence policies (often in Asia) through a formalised framework.

## **Country Bilateral Councils**

In addition, there are what are called country bilateral councils that you may wish to join and show an interest in.

Very prominent in the Sydney business community are Amcham – the American Chamber of Commerce in Australia and the British Chamber of Commerce.

There are also the Australian China Business Council

There are in fact myriad ones including for Japan, Taiwan, and the Arab nations.

The list goes on.

The more prominent ones can be led by very senior Australian business identities and/or former politicians.

For example, Warwick Smith, who was a minister on the Howard Government, has built a very impressive corporate career and has also been prominent in the Chinese's and South Korean business councils.

The less prominent ones may not have more than "kitchen-table" volunteer secretaries and really just operate as ethnic social clubs.

They are not probably what you're looking for.

### **Think Tanks**

Then there are the more academic think tanks that your businesses may find of value in tapping into to better understand the Asian or broader international scene.

I'm on the board of China Matters Limited which is a public research institute into the Australian Chinese relationship.

The "matters" bit of the name translates from the Chinese word for "issues" rather than "important".

So, it's China "issues" rather than China "important".

It is chaired by Kevin McCann – former chair of Macquarie Bank and Allen's lawyers – and includes the current Australian ambassador to Beijing (Graham Fletcher), another ex-ambassador to Beijing, a former head of the Office of National Assessment (one of the Government's intelligence or "spook" agencies), a university professor, a former Commonwealth Department Secretary, and two other senior business people – one a former mining sector CEO and the other a current leader of PWC.

Other important sources of advice and most importantly networking is the Australian Institute of International Affairs.

I was a number of years ago on the national board of the AIIA as the president of the ACT division.

Its current President is Alan Gyngell and its immediate past President is Kim Beasley.

Other very reputable groups are the Asia Society and the Lowy Institute

Also, the US Studies Centre, while obviously focused on the US provides very important insights on the US attitudes to China in particular.

For example, many of you may not realise the level of antagonism that elements of the US Foreign Policy Establishment have towards China.

If you simply absorb your information from the Australian mainstream media you may have got the impression that the tensions between China and US were sparked

by President Trump personally and his pursuit of a trade war between the two countries.

Nothing would be further from the truth.

This is just not a Trump view or a Republican view but also a deep-seated Democrat view, in some cases even stronger with the Democrats.

If you were in Washington's fashionable foreign policy circles today you wouldn't be shocked about the use of the term "New Cold War", because that is the common talk.

And there are serious bipartisan discussions about "decoupling" the US economy from the Chinese economy.

It as clear as mud to me how you would deliberately do it, although the current coronavirus may show us how it might happen accidentally.

A few other tips.

When travelling overseas make a point of contacting the Australian embassy, consulate or Austrade Trade Commissioner.

By and large they are always very keen to get the insights of Australian business people operating in the countries where they are posted.

Indeed, they crave the information from sources that are not government or official.

And as there are bodies like the Australian China business council here in Australia, when you travel to China there is the opposite China Australia Chamber of Commerce, which you should utilise as much as possible.

Each country has its reciprocal country business council.

Offer to do speeches or offer up other senior executives to do speeches.

Those speeches can then be turned into articles for their newsletter or possibly for the local English language media.

### **China and Coronavirus**

Finally, I didn't want to let an opportunity like today go by and not make some additional comments about the Coronavirus outbreak.

Indeed, I think the Chinese should be relieved that the World Health Organisation changed its naming protocols some time back and so have called the virus Covid-19 rather than the Chinese's Flu like the medical profession named the virus in 1918 the Spanish flu.

It's not necessarily great having a plague named after you.

In any case I don't need to tell you that the current coronavirus outbreak demonstrates more than ever the international linkages Australians have into China and Asia more generally.

Obviously, China is more integrated into the world economic system than ever before.

It accounts for around 13 or 14 percent of international trade.

It represents something close to 20 percent of Global GDP today.

In the last big flu outbreak around 2003 it was around 5 per cent.

It also has in recent years accounted for almost a third of international economic growth.

As you've been reading lately the thing that is now alarming financiers and government officials around the world is the extent of the supply chain dependency we have on China.

One great example of the supply chain linkages which you may not yet heard of comes to mind.

During the past week or so with the share market meltdown I read a financial blog early on, that said despite the general fall in share prices US Pharmaceutical companies were blossoming with double digit growth.

The financial types who are always on the lookout for such opportunities went "wow this is interesting".

However, these guys aren't your "mum and dad" investors.

They really do their due diligence.

Within hours various commentaries started popping up noting that when you dig deeper these US firms we're massively exposed to the Chinese market.

It seems that some 80% of their product was sourced from Chinese factories and that if the Chinese economy remained virtually shut down for a few more weeks there could be major medicine shortages in the US and I suspect here in Australia too.

Although I note the US Food and Drug Administration have not yet identified any shortages.

And that is just one example.

It was interesting that on Tuesday last week when the PM gave his press conference on the coronavirus warning of adverse economic effects for Australia, he didn't just nominate tourism and education as problem areas.

Indeed, they are pretty obvious and major export sectors related to China.

He in addition noted the building industry as a potential problem.

That is not an export industry.

I'm guessing that that is because so much product for building such a steel and other prefabrication is so dependent on China.

The wider building and construction industry employ around 1.2 million Australians and accounts for around 8 per cent of our GDP.

Finally, just to note as it is being talked about.

The coronavirus does not represent an existential threat to the Communist Party regime in Beijing. To say so is going well beyond the available evidence.

However reputable China watchers have said it could destabilise the various individuals in power.

Watch this space.

### **Conclusion**

So, there are some ideas for you of how to come to terms with the international sphere.

May I say that overall, I think Australian businesses do this badly and could learn a lot from our competitors.

Indeed, the Europeans and the Americans are past masters of all these interactions and leave us in the dust in the race for international customers.

However, overall, we punch above our weight as a country on the international scene.

There is nothing holding us back to do better in our business performance as well.

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