

Australia and the Belt and Road Initiative: A survey of developments 2013-September 2017

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Introduction

On September 7 2013 at Kazakhstan's Nazarbayev University, Chinese President Xi Jinping for the first time outlined a vision for an overland 'Silk Road Economic Belt' connecting Central Asia and China's western provinces. In an address to the Indonesian Parliament in October 2013, President Xi announced the development of a 'New Maritime Silk Road' spanning Southeast Asia. These two initiatives were then linked at a Chinese Communist Party Central Committee conference that same month, with President Xi delivering an address on China's diplomacy with its neighbouring countries and stating that they should cooperate to 'accelerate infrastructure connectivity, to build [the] Silk Road Economic Belt and Maritime Silk Road'.¹ The Chinese government undertook a number of rebranding exercises, finally settling on the term 'Belt and Road Initiative' (BRI) in 2016.

Australia is not part of the 65 countries geographically located on the overland Belt and the maritime Road, but this does not preclude participation. Indeed, in a speech to the Australian parliament on November 17 2014, President Xi formally invited Australia to participate in the BRI, stating, 'Oceania is a natural extension of the ancient maritime Silk Road and China welcomes Australia's participation in the 21st century maritime Silk Road.'²

Australia has welcomed the BRI on one level, and reserved engagement with it on another. Moreover, the BRI has been slow to permeate the Australian public consciousness with one former federal government minister commenting, 'I find in Australia 99 percent of people wouldn't have a clue what you're talking about if you said Belt and Road.'³ But as the initiative has gained momentum on the global stage, so too has domestic debate as to whether or not Australia should participate

Note: This chapter was published in Sun Youzhong and Han Feng, eds. *Blue Book of Australia: Annual report on development of Australia (2016-2017)*. Beijing: Social Sciences Academic Press, December 2017, pp. 193-222.

- 1 Ministry of Foreign Affairs of the People's Republic of China, 'Xi Jinping: Let the Sense of Community of Common Destiny Take Deep Root in Neighbouring Countries', speech, Conference on the Diplomatic Work with Neighbouring Countries, Beijing, People's Republic of China, October 25 2013 <http://www.fmprc.gov.cn/mfa_eng/wjzb_663304/wjzb_663308/activities_663312/t1093870.shtml>.
- 2 Xi Jinping, Speech to the Parliament of Australia, Hansard, November 17 2014 <<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F35c9c2cf-9347-4a82-be89-20df5f76529b%2F0005%22>>.
- 3 Peter Williams, 'Clear air for China's Silk Road project', *The West Australian*, May 20 2017 <<https://thewest.com.au/business/trade/clear-air-for-chinas-silk-road-project-ng-b88479429z>>.

– and how. This chapter surveys the Australian response to the BRI, from its announcement in 2013 to the time of writing (September 2017). Developments in the debate across federal government, federal opposition, state governments, business, academia and media will be explored.

Government

Federal Government

While the Australian Government initially presented a broadly positive response to the BRI, and continues to remain notionally open to involvement in some capacity, they have approached the BRI with caution. To date there has been little progress in terms of policy development and execution.

Discussions between the Australian and Chinese governments about cooperation on the BRI were not publicly evident until after Australia signed the China-Australia Free Trade Agreement (ChAFTA) on June 17 2015, and became a founding member of the Asian Infrastructure Investment Bank (AIIB) on June 29. There seemed to be some initial enthusiasm on the Australian side. The July 2015 edition of the Australian Department of Foreign Affairs and Trade's (DFAT) *Business Envoy* magazine, a briefing by DFAT for the Australian business community, included a feature on the BRI. It reflected a largely positive assessment of the initiative, and noted that 'China's approach is broadly in line with the focus of the G20 which recognised the importance of addressing shortfalls in global investment and quality infrastructure to lift economic growth, job creation and productivity'.⁴ The feature also outlined in broad terms potential opportunities for Australia, including stronger demand for iron ore and raw materials; Australian provision of project expertise; and 'providing accounting, financial and legal

advice to private-public partnerships and other infrastructure funding mechanisms.'⁵

Discussions on BRI cooperation at this time largely centred around aligning Australia's Developing Northern Australia strategy – a nation-building initiative focused on encouraging investment throughout Australia's north, unveiled in June 2015 – with the BRI. In July, then-Chinese Ambassador to Australia Ma Zhaoxu told a conference:⁶

China and Australia are...exploring cooperation under China's 'One Belt One Road' Initiative and Australia's Strategy to Develop the North. As these projects accommodate each other, the two countries are well positioned to share their respective strengths in market, capital, and technology and infrastructure development.

The following month, then-Australian Trade Minister Joe Hockey in his opening remarks to the 2015 China-Australia Strategic Economic Dialogue stated:⁷

Areas I would like to explore include how the AIIB could complement the efforts of China's One Belt One Road initiative.

...

Additionally I would like to discuss how to build Northern Australia through the Northern Australia Infrastructure Facility, which will open the North to trade opportunities with partners such as China.

In a rundown of the Dialogue presented to a forum hosted by the Australian National University (ANU) the next day, Ambassador Ma asserted that some progress had been made in connecting the BRI and Australia's Developing Northern Australia strategy. He said:⁸

4 'China's 'One Belt, One Road': Economic implications for Australia', *Business Envoy*, Investment and Economics Branch, Department of Foreign Affairs and Trade, June 2015 <<https://dfat.gov.au/about-us/publications/trade-investment/business-envoy/Documents/business-envoy-july-2015.pdf>>.

5 Ibid.

6 Embassy of the People's Republic of China in Australia, 'Remarks by H.E. Ambassador Ma Zhaoxu at the Welcome Reception for the Boao Forum for Asia Sydney Conference 2015', speech, Government House, Sydney, Australia, July 29 2015 <<http://au.china-embassy.org/eng/sgjs/Topics123/t1289721.htm>>.

7 Joe Hockey, 'Opening remarks: China-Australia Strategic Economic Dialogue, Canberra', speech, August 13 2015 <<http://jbh.ministers.treasury.gov.au/speech/023-2015/>>.

8 Embassy of the People's Republic of China, 'Address by Ambassador Ma Zhaoxu at the Opening of the "One Belt One Road" Forum', speech, Australian National University, Canberra, Australia, August 14 2015 <<http://au.china-embassy.org/eng/gdxw/t1289130.htm>>.

The theme of the dialogue, among others, is how to jointly build the “One Belt, One Road”. I can tell you that they [representatives of both governments] had a very good discussion and reached the following important consensus.

The Australian government will hold the Northern Australia Investment Forum in Darwin this November and is very keen to invite Chinese companies to participate in the forum and explore business opportunities on the development of infrastructure in north Australia.

...

Both sides agreed to work closely to accommodate China’s Maritime Silk Road and Australia’s Strategy of Developing the North.

Chinese Deputy Consul-General to Sydney Tong Xuejun also confirmed that linking the development of Northern Australia with the BRI was discussed at the Dialogue, adding, ‘If the maritime silk road begins in China, then Australia is a major country at the other end.’⁹

It was announced at the conclusion of the 2015 China-Australia Strategic Economic Dialogue that both sides had agreed to set up a working group to explore the possibility of pairing up the two proposals. However, no further statements were made in 2015 by either the Chinese or Australian governments on progress regarding the linking of the Developing Northern Australia strategy and the BRI.

2016 saw a notable lack of comment regarding the Developing Northern Australia strategy and the BRI by senior Australian government representatives despite China’s public urging to link the two initiatives. During Australian Prime Minister Malcolm Turnbull’s meeting with President Xi on his first official visit to China, the Chinese Foreign

Ministry summary of the meeting noted that President Xi expressed his ‘[hope] that both sides could align China’s Belt and Road initiative with the ‘Northern Development’ plan of Australia’.¹⁰ Of this declaration, former Australian Ambassador to China Geoff Raby observed that:¹¹

For the first time, Australia has been included officially in one of the highest profile policy priorities of Xi’s presidency. This initiative was listed ahead of the Prime Minister’s own chosen focus for his visit which was around innovation, science and education.

In linking China’s One Belt One Road (OBOR) policies to the Australian government’s Northern Development Strategy, Xi has given his imprimatur to China’s investing in Northern Australia’s infrastructure.

However, Prime Minister Turnbull did not address this call for alignment directly. Indeed, the proposal did not feature in any of his speeches or remarks during his official visit.

President Xi repeated this proposal during a meeting with Prime Minister Turnbull on the sidelines of the G20 summit in Hangzhou in September 2016. *Xinhua* reported that he ‘called for the aligning of China’s Belt and Road Initiative with Australia’s plan to develop its northern region’.¹² Again, Prime Minister Turnbull did not directly address this.

Public discussion regarding the BRI and the Developing Northern Australia strategy at a senior level did not arise again until February 2017, during the Australia-China Foreign and Strategic Dialogue. Australian Foreign Minister Julie Bishop and Chinese Foreign Minister Wang Yi told a press conference they had discussed cooperation on the matter. Foreign Minister Wang stated:¹³

9 Greg Earl, ‘Business summit to examine modern China’, *The Australian Financial Review*, August 27 2015 <<http://www.afr.com/news/world/asia/business-summit-to-examine-modern-china-20150826-gj88sy>>.

10 Ministry of Foreign Affairs of the People’s Republic of China, ‘Xi Jinping meets with Prime Minister Malcolm Turnbull of Australia’, April 15 2016 <http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1356599.shtml>.

11 Geoff Raby, ‘Northern Australia takes its place on Xi Jinping’s new silk road map’, *The Australian Financial Review*, May 11 2016 <<http://www.afr.com/opinion/columnists/northern-australia-takes-its-place-on-xi-jinpings-new-silk-road-map-20160511-gos84v>>.

12 Xinhua, ‘China to advance strategic partnership with Australia: President Xi’, *Xinhua*, September 4 2016 <http://news.xinhuanet.com/english/2016-09/04/c_135659281.htm>.

13 Julie Bishop, ‘Australia-China Foreign and Strategic Dialogue - joint press conference with Chinese Foreign Minister Wang Yi’, February 7 2017 <http://foreignminister.gov.au/transcripts/Pages/2017/jb_tr_170207.aspx>.

We intend to link China's Belt Road initiative with Australia's vision for developing Northern Australia

Foreign Minister Bishop was less emphatic, focusing instead on the considerations prerequisite to any Australian participation:

We talked about the need for greater infrastructure, both regionally and in our respective countries – China's One Belt One Road initiative, Australia's Developing Northern Australia initiative – and we commit to the principles of transparency, private sector engagement and ensuring that infrastructure investment leads to strong development outcomes.

It was then reported by Australian press in March, in the days preceding a visit by Premier Li Keqiang – the first by a Chinese Premier in 11 years – that the Australian Government had declined to formally endorse the BRI by signing a Memorandum of Understanding (MOU) on linking the BRI with the Developing Northern Australia strategy.¹⁴ According to a subsequent report on the matter, published on May 29 by *The Australian* newspaper, the national security committee of cabinet had debated twice prior to Premier Li's visit and opted to reject the proposal, despite an 'upbeat' oral brief by Foreign Minister Bishop. *The Australian* reported that '[t]he main reason for Australia's reluctance was that there was no evidence that signing up had tangible benefits. It did not appear it would lead to extra investment from China beyond what would happen anyway. The government was not satisfied with the details – or lack of detail – in the China proposal.'¹⁵ On June 1 the head of DFAT's North Asia Division, Graham Fletcher, confirmed to a Senate Estimates hearing that in February the Chinese Government proposed the signing of an MOU linking the BRI

with the Developing Northern Australia strategy during Premier Li's visit, and that this was rejected. According to Mr Fletcher the MOU was 'a fairly vague piece of paper' and this was one of the factors that led to its rejection.¹⁶

Mr Fletcher also elaborated on Foreign Minister Bishop's statement at the Australia-China Foreign and Strategic Dialogue regarding Australia's BRI considerations. When asked what BRI 'success' would look like from an Australian perspective, Mr Fletcher replied:¹⁷

We have highlighted the importance of international standards in any projects which get up and running, open procurement processes, sensitivity to local laws and communities, transparency and efficiency. Success for us would be those principles being applied throughout Belt and Road activities and success would include Australian companies being able to participate on a competitive footing in such activities as well.

DFAT Secretary Frances Adamson reiterated this sentiment at a speech to the ANU on June 20:¹⁸

While we are...supportive in principle of more infrastructure in this region and beyond we are concerned about...transparency, about rules, about open contracts and governance arrangements.

On May 14–15 the Chinese Government held the 'Belt and Road Forum for International Cooperation' in Beijing, a grand-scale diplomatic showcase of the initiative. Despite some speculation that Australia would not be represented at the forum, an invitation was extended to Trade Minister Steven Ciobo. Acceptance of this invitation was communicated to the Chinese Government around the time of

14 Primrose Riordan, 'China snubbed on road and port push', *The Australian*, March 20 2017 <<http://www.theaustralian.com.au/national-affairs/foreign-affairs/china-snubbed-on-road-and-port-push/news-story/1534e4f7de0ab0031818854d24ae0a91>>.

15 Paul Kelly, 'Cabinet saw no gain in Xi Jinping's 'project of the century'', *The Australian*, May 29 2017 <<http://www.theaustralian.com.au/national-affairs/foreign-affairs/cabinet-saw-no-gain-in-xi-jinpings-project-of-the-century/news-story/098f7cfd460bc1ecc95468ed566871c4>>.

16 Foreign Affairs, Defence and Trade Legislation Committee, Senate Estimates, Hansard, Commonwealth of Australia, June 1 2017 <http://parlinfo.aph.gov.au/parlInfo/download/committees/estimate/08fec47a-c210-4f29-880a-f1aa8c5f37e2/toc_pdf/Foreign%20Affairs,%20Defence%20and%20Trade%20Legislation%20Committee_2017_06_01_5053_Official.pdf;fileType=application/pdf>.

17 Ibid.

18 Laura Tingle, 'Benign strategic picture for region despite Trump, tensions', *The Australian Financial Review*, June 20 2017 <<http://www.afr.com/news/policy/foreign-affairs/benign-strategic-picture-for-region-despite-trump-tensions-20170620-gwuv84>>.

Premier Li's visit. An invitation had, according to DFAT, not been extended to Foreign Minister Bishop.

In a media release prior to attending the Belt and Road Forum Trade Minister Ciobo said, 'Australia supports the aims of initiatives such as the Belt and Road that improve infrastructure development and increased opportunities in the Asia-Pacific region'.¹⁹

He added:²⁰

Australian companies have significant expertise in infrastructure construction, so I will be working to identify projects for Australian businesses that address the serious infrastructure shortfalls across our region.

Minister Ciobo also supported a trade statement issued at the Belt and Road Forum, electing not to join a protest by European officials over its wording. He said in a media release:²¹

Australia supported the "Initiative on Promoting Unimpeded Trade Cooperation along the Belt and Road" statement issued at the end of the trade session.

The statement aligns with Australia's position on resisting protectionism and increasing trade liberalisation.

While Minister Ciobo's invitation to, and attendance of, the Belt and Road Forum indicated a level of Australian openness and support of the initiative, it might also be noted that his participation was limited to a partial one day of the two-day forum.

Following his participation in the Belt and Road Forum, when pressed on whether Australia

would again consider connecting the BRI with the Developing Northern Australia strategy, Minister Ciobo stated that while there are 'complementarities', they would continue to remain separate.²² He did, however, reportedly tell *Xinhua* that Australia was interested in putting 'more meat on the bone' with respect to the BRI.²³

Trade Minister Ciobo, and indeed other Australian government representatives, have often stated that any participation in the Belt and Road Initiative would be subject to Australia's national interest.²⁴ When directly asked by the Australian Broadcasting Corporation's Radio National what Australia's national interest with regards to the BRI was, the Trade Minister replied:²⁵

I think it's to look at ways in which we can get our business community to be involved. I think it's opportunities around financing of infrastructure, opportunities around the design and ultimately the construction of infrastructure. As countries put forward projects, there'll be opportunities for collaboration. There, for example, will be projects that China will be undertaking within its mainland that Australian businesses could be involved with. It might be on the financing side, on the design side, or on the construction side. Over the coming months and years ahead, we'll find opportunities to continue to be better engaged around this initiative and I think that is what represents Australia's national interest when it comes to the Belt Road initiative.

There are some indicators that Australia may now be slowly warming to at least a limited participation in the BRI.

On September 29 Minister Ciobo told *The Australian Financial Review* that the Australian Government had signed an MOU with China on

19 Steven Ciobo, 'China's Belt and Road Forum', media release, May 14 2017 <http://trademinister.gov.au/releases/Pages/2017/sc_mr_170514.aspx>.

20 Ibid.

21 Steven Ciobo, 'Belt and Road Forum', media release, May 14 2017 <http://trademinister.gov.au/releases/Pages/2017/sc_mr_170514b.aspx>.

22 Steven Ciobo, 'Belt and Road Forum doorstep', May 14 2017 <http://trademinister.gov.au/transcripts/Pages/2017/sc_tr_170514.aspx>.

23 Levi Parsons, 'Australia's trade minister champions FTA with China sees terrific opportunities for B&R Initiative', *Xinhua*, June 2 2017 <http://news.xinhuanet.com/english/2017-06/02/c_136334917.htm>.

24 See for example: Steven Ciobo, 'Belt and Road Forum doorstep', May 14 2017 <http://trademinister.gov.au/transcripts/Pages/2017/sc_tr_170514.aspx>;

Kieran Gilbert, Interview with Steven Ciobo, *Sky News AM Agenda*, May 16 2017 <http://trademinister.gov.au/transcripts/Pages/2017/sc_tr_170516b.aspx?w=tb1CaGpkPX%2FIS0K%2Bg9ZKEg%3D%3D>;

Paul Kelly and Peter van Onselen, Interview with Julie Bishop, *Sky News Sunday Agenda*, June 4 2017 <https://foreignminister.gov.au/transcripts/Pages/2017/jb_tr_170604.aspx>.

25 Hamish McDonald, Interview with Steven Ciobo, *ABC Radio National*, May 16 2017 <http://trademinister.gov.au/transcripts/Pages/2017/sc_tr_170516a.aspx>.

cooperation with Australian companies on BRI infrastructure projects in third countries earlier in the month, and that ‘the level of economic cooperation continues to broaden’.²⁶

Federal Opposition – the Australian Labor Party

The Opposition Australian Labor Party has notionally positioned itself as receptive to the BRI, subject to national security and national interest qualifications.

In an interview at the Boao Forum for Asia on March 27 2017, Jason Clare, Shadow Minister for Trade, Resources and Investment encouraged Australian businesses to look for opportunities to involve themselves in the BRI:²⁷

In simple terms, One Belt, One Road means more roads, more railways, more ports and more airport infrastructure...The next step is whether other parts of the Australian economy can benefit from this big investment in infrastructure as well; whether it is becoming involved in the engineering side, the construction side, the design side.

It’s going to be a challenge but it is a great challenge to have.

The challenge is for Australian industry to get to grips with this enormous infrastructure plan and the opportunities they might have to tap into it.

On March 29 Australia’s Shadow Foreign Affairs Minister Penny Wong said in a speech to Australian ambassadors, high commissioners and consuls-generals that Australia needs ‘a policy that looks at the Belt and Road Initiative (BRI) with an eye to identifying points of mutual interest and

complementarity rather than reflexive negativity’.²⁸ Senator Wong later penned an opinion piece for *The Australian*, which argued that Australia’s ‘reluctance to join the Asian Infrastructure Investment Bank was timorous and self-defeating.’ She asserted, ‘We need to display much greater confidence in harnessing the opportunities of the BRI’.²⁹ Speaking at the ANU in August 2017, Senator Wong stated, ‘We should be prepared to look at individual initiatives under the BRI and, where determined on a case by case basis, pursue those that accord with our national interests.’³⁰

Australia’s Shadow Minister for Defence Richard Marles has also publicly supported the ‘case-by-case’ approach, stating:

Certainly it’s not about rejecting China’s initiative out of hand. That makes no sense at all. There are going to be important infrastructure projects and desire from China to invest in them which may well be in our national interest that we should ultimately support.

He added, ‘Clearly though, we do need to be bearing in mind our national security when we engage in these and we need to be looking at things through that lens.’³¹

The Labor Party has thus far refrained from supporting an alignment of the BRI with the Developing Northern Australia strategy, but has not ruled it out, either. Shadow Treasurer Chris Bowen in a speech outlining the Labor Party’s Asia strategy on September 29 said:³²

We will come to office if we win the next election with an open mind as to how Australia and China can best collaborate on the Belt and Road Initiative, with a clear eyed approach to

26 Andrew Tillett, ‘Labor’s Asia plan called naïve and hypocritical’, *The Australian Financial Review*, September 28 2017 <<http://www.afr.com/news/labors-asia-plan-called-naive-and-hypocritical-20170928-gyr1wv>>.

27 Glenda Korporaal, ‘One Belt, One Road a great challenge: Jason Clare’, *The Australian*, March 28 2017 <<http://www.theaustralian.com.au/business/one-belt-one-road-a-great-challenge-jason-clare/news-story/237049fb8eeace507d8d107dc7156280>>.

28 Penny Wong, ‘Foreign policy in a time of disruption’, speech, Global Heads of Mission Meeting, Canberra, Australia, March 29 2017 <<https://www.pennywong.com.au/speeches/foreign-policy-in-a-time-of-disruption-speech-to-global-heads-of-mission-meeting/>>.

29 Penny Wong, ‘This is hardly the time to be timid in our region’, *The Australian*, May 2 2017 <<http://www.theaustralian.com.au/opinion/this-is-hardly-the-time-to-be-timid-in-our-region/news-story/20c59b8cb4780de57b5b18bd7215ee37>>.

30 Penny Wong, ‘Looking forward – looking back: Australia and the Asian century’, speech, Australia 360 Conference, Canberra, Australia, August 8 2017 <<https://www.pennywong.com.au/speeches/looking-forward-looking-back-australia-and-the-asian-century-address-to-the-australia-360-conference-canberra/>>.

31 Peter van Onselen and Paul Kelly, Interview with Richard Marles, *Sky News Sunday Agenda*, May 28 2017 <<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=ld%3A%22media%2Fpressrel%2F5305269%22>>.

32 Chris Bowen, ‘The case for engagement with Asia’, speech, Asia Society, Sydney, Australia, September 29 2017 <<https://www.chrisbowen.net/transcriptsspeeches/the-case-for-engagement-with-asia/>>.

our respective national interests.

We will examine proposals on a case by case basis including considering how the Northern Australia Infrastructure Facility and the Belt and Road Initiative can best complement each other.

Australian state governments

Some Australian state governments have also shown interest in the BRI. Victorian Premier Daniel Andrews – the only Australian premier to be invited to the Belt and Road Forum³³ – stated, ‘There’s always an option’, when asked whether he was receptive to Victorian projects being funded under the auspices of the BRI. He went on to say, ‘We very much welcome international partners and direct foreign investment to get the job done’.³⁴

The Northern Territory government has characterised its 2015 decision to lease the Port of Darwin to a Chinese company in terms of securing its ‘place on China’s ‘Maritime Silk Road’ trade route’.³⁵ Moreover, the Northern Territory constituted the only official Australian government representation at a Silk Road Expo in Xi’an in June 2017, sponsoring a trade stand promoting business-to-business connections and investment opportunities for the NT.³⁶

In March 2016, Queensland Treasurer Curtis Pitt stated in a media release that while in China he would be meeting with the National Development and Reform Commission to ‘to gain a stronger understanding of China’s foreign direct investment policy and notably the ‘One Belt, One Road’ strategic initiative’.³⁷

In September 2016, Chris Bourke, an Australian Capital Territory (ACT) government minister, told the ACT’s Legislative Assembly:³⁸

The ACT government has a strong commitment to strengthening ties with China, consistent with the intent of the one belt, one road initiative—to connect the future of China’s neighbours with China’s own future.

Noticeably conspicuous, however, from expressing public interest – or at least curiosity – in the BRI is Australia’s largest state, New South Wales (NSW). NSW Premier Gladys Berejiklian has thus far made no public comment on the BRI. NSW Opposition leader Luke Foley on September 29 2017 told a press conference that NSW and Australia would be signing an ‘economic suicide note’ if it did not engage with the BRI. He advocated for Australian consideration of a BRI MOU in the same vein as the document New Zealand signed earlier in the year:³⁹

...New Zealand has signed a memorandum of understanding with the PRC around One Belt One Road cooperation, I mean Australia should be doing this.

Why are we leaving it to our friends in New Zealand to sign up to the One Belt One Road partnership? We’re sending a message we’re not convinced about this.

Media and other commentators

Australian press, analysts and other commentators were generally slow to focus on the BRI. This helps to explain, in part, why the BRI is a concept that most Australians are unfamiliar with. This slow pace can be partly attributed to the BRI’s amorphous nature, which meant that few specifics such as a pipeline of project proposals were available. In turn, this made it hard to contemplate how seriously Australia should take the initiative and confusion about how Australian business

33 Office of the Premier of Victoria, ‘Victoria on the world stage at meeting of global leaders’, media release, May 15 2017 <<http://www.premier.vic.gov.au/victoria-on-the-world-stage-at-meeting-of-global-leaders/>>.

34 AAP, ‘Victoria open to Silk Road plan: Premier’, SBS, May 17 2017 <<http://www.sbs.com.au/news/article/2017/05/17/victoria-open-silk-road-plan-premier>>.

35 James Laurenceson, ‘Will Australia follow the Belt and Road?’, *East Asia Forum*, May 14 2017 <<http://www.eastasiaforum.org/2017/05/14/will-australia-follow-the-belt-and-road/#more-68032>>.

36 Australia China Business Council – Northern Territory, ‘China in touch’, newsletter, Australia China Business Council, April 26 2017 <<http://acbc.com.au/admin/images/uploads/Copy1ACBCNT20170426.pdf>>.

37 Queensland Government, ‘Treasurer builds trade and investment links with China’, media statement, March 23 2016 <<http://statements.qld.gov.au/Statement/2016/3/23/treasurer-builds-trade-and-investment-links-with-china>>.

38 Legislative Assembly for the ACT: 2015 Week 11 Hansard, September 22 2015 <<http://www.hansard.act.gov.au/hansard/2015/week11/3356.htm>>.

39 Primrose Riordan, ‘NSW Labor leader echoes Chinese criticism of Australian media’, *The Australian*, September 27 2017 <<http://www.theaustralian.com.au/national-affairs/nsw-labor-leader-echoes-chinese-criticism-of-australian-media/news-story/e3b75579e712d150bf2200091e0894ff>>.

might get involved. Veteran Australian journalist Andrew Clark made the observation:⁴⁰

The sheer enormity of the plan bamboozles many. This is partly because, according to never quite extinguished stereotypes, the Chinese are still partly viewed in the West as inscrutable Orientals. But with [BRI], the Chinese are in fact projecting what they're going to do, and then doing it. However, it's so stupefying in its ambition that few in the West can focus on it.

A survey by this chapter's authors of major Australian media from September 2013 to December 31 2015 reveals that substantive discussion of the BRI (then known as the 'One Belt One Road' or 'New Silk Road' initiative) was not apparent until September 2014, a full year after Xi Jinping's address to Nazarbayev University.⁴¹ The term 'Maritime Silk Road' first appeared in an editorial in *The Australian* on October 7 2013, following President Xi's speech to the Indonesian Parliament on October 2.⁴² This was the only instance of this term in major media outlets until almost twelve months later on September 17 2014, when *The Australian* reported on the China-ASEAN trade expo, for which 'jointly building the 21st-century maritime silk road' was a theme.⁴³

Australian media coverage of the 'New Silk Road' was amplified somewhat following President Xi's parliamentary address on November 17 2014 in which he welcomed Australian participation in the BRI⁴⁴ but it nevertheless remained sparse. For example, between November 17 2014 and January 31 2015 only seven articles in the mainstream Australian press mentioned the 'New Silk Road' or 'Maritime Silk Road'.⁴⁵ This coincided with increased debate about whether Australia should

become a member of the AIIB, which was launched in October 2014.

Around this time, commentary by the academic and think tank community also started to gain momentum, albeit slowly, with increased discussion of the BRI's strategic importance and its implications for Australia and other countries in the Asia Pacific region. Observations were initially presented in sweeping terms. Security analyst Rory Medcalf briefly touched on the BRI in an opinion piece written following President Xi's parliamentary address, stating that his simultaneous visit with Indian Prime Minister Narendra Modi 'underscored how much we [Australia] matter to them'. On President Xi's speech, Mr Medcalf wrote:⁴⁶

Xi brings a new tone of reassurance about China's strategic intentions, which relentlessly accentuates the positives about working with Australia as a security partner, and reimagines Australia as part of the 'new maritime Silk Road' that will enrich the wider region through connectivity and commerce.

A year of Australia's independent-minded diplomacy about standing up for principles of non-coercion and a rules-based regional order have not jeopardised this outcome.

In March 2015 Mark Beeson, Professor of International Politics at the University of Western Australia, penned an article exploring the geopolitics and geoeconomics behind the AIIB for academic blog *The Conversation*. He discussed the connection between the AIIB and the BRI, stating:⁴⁷

The creation of a new 'Silk Road', linking Beijing to its immediate neighbours, will not just

40 Andrew Clark, 'China: it's got so big it changes everything', *The Australian Financial Review*, August 19 2016 <<http://www.afr.com/news/world/asia/china-its-got-so-big-it-changes-everything-20160815-gqsrky>>.

41 Note: this survey was based on searches of Australian media using the *Factiva* online database. Keywords included 'Australia', 'China', 'New Silk Road', '21st Century Silk Road', 'Maritime Silk Road', 'One Belt One Road', 'Silk Road Economic Belt'. As 'Belt and Road Initiative' was not used until 2016, this term was excluded from the search.

42 The Australian, 'US assurance on pivot needed', *The Australian*, October 7 2013 <<http://www.theaustralian.com.au/opinion/editorials/us-assurance-on-pivot-needed/news-story/006ec60df23efd3b32455f2583eced18>>.

43 Glenda Korporaal, 'Left behind on the New Silk Road', *The Australian*, September 17 2014.

44 Xi Jinping, 'Address by the President of the People's Republic of China', speech, Parliament of Australia, Canberra, Australia, November 17 2014 <http://parlinfo.aph.gov.au/parlInfo/genpdf/chamber/hansardr/35c9c2cf-9347-4a82-be89-20df5f76529b/0005/hansard_frag.pdf;fileType=application%2Fpdf>.

45 According to search of *Factiva* online database.

46 Rory Medcalf, 'For better or worse, the region has finally found us', *The Australian Financial Review*, November 19 2014, p. 43.

47 Mark Beeson, 'Geopolitics versus geoeconomics: the new international order', *The Conversation*, March 14 2015 <<https://theconversation.com/geopolitics-versus-geoeconomics-the-new-international-order-38824>>.

dramatically increase regional productivity and trade. It will stand as an enduring, very tangible expression of China's material centrality in Asia and beyond.

In March 2015 the Chinese Government released an action plan articulating the BRI's principles, framework and priorities.⁴⁸ This coincided with increased activity under the BRI, including agreements with Russia and a number of Middle East states. The availability of more information and tangible outcomes resulted in Australian commentators starting to scrutinise the initiative in greater detail, exploring the potential opportunities it might generate, both in overall terms and in specific sectors, and the challenges it might present.

Some outlets expressed concerns about the lack of transparency in financing and governance frameworks in China's promotion of cross-border infrastructure projects, in addition to concerns about mid to long-term strategic implications.

For example, while recognising the potential benefits the BRI presented to developing countries, including expansion of trade and economic opportunities through improved infrastructure, an *Australian Financial Review* article on March 27 2015 stated:⁴⁹

[M]any of China's neighbours and near neighbours are apprehensive about the potential strategic hooks accompanying such close Chinese involvement and integration of key infrastructure...Some are cautious about the risk of being drawn into Chinese power plays via their need for funding – or the potential to end up with ports that effectively double as Chinese naval bases.

Concerns grew more acute in 2015–2017, fuelled, in part, by a number of controversial projects involving Chinese investors in Australia that

came under media scrutiny in the second half of 2015. These included the 99-year lease of the Port of Darwin to Chinese company Landbridge in October, and a joint bid for control of NSW TransGrid by Macquarie Group and the State Grid Corporation of China in November. In this context, the infrastructure-focused BRI was perceived by some as a threat to Australia's national security, with a potential to erode Australian decision-making sovereignty. On November 13 2015 an *Australian Financial Review* article asserted:⁵⁰

[W]hat appears on the surface as a conflict between national security and foreign investment has actually revealed itself as a more profound realisation of Australia's small role in China's grand, multi-generational plan known as 'One Belt, One Road'.

Nonetheless, this was also balanced by a focus on the potential benefits that could be derived from Australian participation in the BRI, and encouragement levelled at Australian business to get a foot in the door. Ross Gittins, Economics Editor of *The Sydney Morning Herald*, wrote, for example:⁵¹

There is scope...for Australian banks and other financial institutions to help facilitate the funding of infrastructure projects.

Much of the construction of projects will be done by big Chinese state-owned enterprises. We could, of course, sit back and hope this leads to restored demand for our coal and iron ore.

But the SOEs will often need to partner with foreign firms able to provide the specialist expertise they lack in in such things as engineering and major construction.

Many Australian companies are well equipped to supply such consulting services, but to date

48 Xinhua, 'Chronology of China's Belt and Road Initiative', *Xinhua*, June 6 2016 <http://news.xinhuanet.com/english/2016-06/24/c_135464233.htm>.

49 Jennifer Hewett, 'Silk Road's silken threads of finance', *The Australian Financial Review*, March 26 2015 <<http://www.afr.com/opinion/columnists/silk-roads-silken-threads-of-finance-20150325-1m7sm3>>.

50 Fleur Anderson and Jacob Greber, 'Controversial Chinese investment in Australia is part of a bigger, more grand, multi-generational plan', *The Australian Financial Review*, November 21 2015 <<http://www.afr.com/news/policy/foreign-investment/controversial-chinese-investment-in-australia-is-part-of-a-bigger-more-grand-multigenerational-plan-20151119-gl3mu9>>.

51 Ross Gittins, 'Australia not part of China's Silk Road expansion of trade, for now', *The Sydney Morning Herald*, July 31 2016 <<http://www.smh.com.au/business/comment-and-analysis/australia-not-part-of-chinas-silk-road-expansion-of-trade-for-now-20160729-gqh5r8.html>>.

our firms have shown limited appetite for the higher risks involved in developing country projects.

...

But not to worry. There are Japanese and South Korean firms who'll be happy to eat the Chinese lunch we don't fancy.

Rowan Callick, *The Australian's* Beijing correspondent, noted the initiative had been welcomed internationally, and that it may continue to be provided it took into account and respected input from potential partners and participants:⁵²

President Xi Jinping's "one belt, one road" strategy, incomplete though it remains, has been widely welcomed internationally, as has the Beijing-based Asian Infrastructure Investment Bank.

So where China is perceived to be working closely with others, its leadership is received warmly — by Australia and many others.

Mr Callick in a separate article also encouraged Australian business participation in the BRI:⁵³

It makes sense for Australian corporations not only to watch this space closely but also to align themselves with likely Chinese projects and players, since the rewards for participating in such schemes might be substantial, and could lead to a stream of similar deals with joint venture partners, in the BRI region, in Australia or within China itself.

Mr Callick went on to say in 2017 that 'the BRI is a big-picture proposal that would, if realised, propel much of the world towards greater productivity, prosperity and connectivity. This would provide

a huge consequent benefit for Australians, on the doorstep of such propulsion. This is a world desperately short of initiatives that will truly change it.'⁵⁴

But he also added the caveat:⁵⁵

We can work alongside China, we can become closer friends, we can seek mutual advantage; this is already happening. Good. But all-or-nothing is not a smart approach — whether with China or with the US...Belt, yes. Road, yes. Let's back efforts to boost our neighbours' growth and productivity. Initiative, yes, we can display some of that, too. But let's not kid ourselves that others will significantly help shape this show, except within their own borders.

The *Northern Territory News*, a typically right-aligned tabloid, editorialised strongly in favour of business engagement with the BRI, with support from the Northern Territory Government:⁵⁶

There is much merit in the Belt and Road Initiative for the Territory. By chipping away at the coal face a lot of opportunities for Territory businesses to be involved in China's new initiatives can be realised. It is critical the Territory Government works proactively with private enterprise to help facilitate this.

Paul Kelly, Editor-at-Large of *The Australian* favoured a pragmatic, middle-of-the-road approach to the BRI, writing:⁵⁷

It is absurd to say Australia cannot be involved for strategic reasons and equally absurd to say we should blindly sign any memorandum China wants, regardless of its abuse of economic principles.

52 Rowan Callick, 'China diplomacy: special treatment no way to go', *The Australian*, August 11 2016 <<http://www.theaustralian.com.au/business/opinion/rowan-callick/china-diplomacy-special-treatment-no-way-to-go/news-story/8a9a4a31e069ccde87d4bea9ff6eb953>>.

53 Rowan Callick, 'Many obstacles before China can crow in Year of Rooster', *The Australian*, February 2 2017 <<http://www.theaustralian.com.au/business/opinion/rowan-callick/many-obstacles-before-china-can-crow-in-year-of-rooster/news-story/d3ea8a9f18214bfb876fc5402e78c8b3>>.

54 Rowan Callick, 'Xi Jinping's Belt and Road to prestige', *The Australian*, May 18 2017 <<http://www.theaustralian.com.au/business/opinion/rowan-callick/xi-jinpings-belt-and-road-to-prestige/news-story/a6afad10c151173e65166a2060209520>>.

55 Ibid.

56 NT News, 'China deal a sign of times', *NT News*, June 9 2017 <<http://www.ntnews.com.au/news/opinion/china-deal-a-sign-of-times/news-story/6d9e0402ac59b8206a8f8c45c843612a>>.

57 Paul Kelly, 'One Belt, One Road: Australia needs to bide its time', *The Australian*, May 24 2017 <<http://www.theaustralian.com.au/opinion/columnists/paul-kelly/one-belt-one-road-australia-needs-to-bide-its-time/news-story/22c632e9ef23a75300a2773fd4938fc8>>.

Both the anti-China nay-sayers and pro-China gladhanders are wrong. Australia is biding its time on Belt and Road, and that is sensible.

In parallel with increased media scrutiny and engagement, a growing divide slowly became apparent between economic commentators and security analysts in the academic sector and its peripheries over the BRI and what Australia's response to it should be, although there were some who straddled the divide.

Peter Jennings, head of the Australian Strategic Policy Institute, a defence and strategic policy think tank, said in a TV interview:⁵⁸

It's all part of a broader Chinese strategy of strengthening their influence throughout the Asia-Pacific and really can't just be seen as simply a commercial investment. There's more to the strategy than that.

In August 2016 an Australian parliamentary library researcher prepared a report that was included in the Parliamentary Library Briefing Book, a short volume of snapshots of issues expected to affect Australia in the early months of each new parliament. The paper focused rather more heavily on the criticisms of the initiative than on pathways for constructive engagement. It concluded:⁵⁹

Australia needs to adopt a more economically and strategically prudent attitude in determining how the Australia-China economic relationship is to further develop.

The author of the report told *The Sydney Morning Herald*:⁶⁰

[The BRI] is an economic strategy by the Chinese state to get themselves and their [state-owned enterprises] and their major corporations economically engaged with Australia so that Australian policy decisions

will begin to be sympathetic to the [People's Republic].

This line of analysis on underlying intent has been concurred with by a number of Australian security analysts and commentators. For example, the Director of the International Security Program at the Lowy Institute, writing for an online cyber security forum, warned:⁶¹

China's 'smile diplomacy' towards Southeast Asia in the first decade of this century has been replaced by a rictus grin. China's confidence in the allure of its economic statecraft, through the Asian Infrastructure Investment Bank and One Belt One Road initiative for example, is now such that Beijing feels much less compunction about pressing its maritime claims, even to the extent of aggressive paramilitary actions at sea level and diplomatic strong-arming.

In early 2017, a policy options paper on 'Chinese money and Australia's security' prepared by the National Security College at the Australian National University stated:⁶²

Beijing wants to strengthen China's position at the centre of an economic – and increasingly strategic – system across the Indo-Pacific and Eurasia. To this end it's using a range of initiatives, increasingly under the Belt and Road branding, and including direct investment, bilateral financing deals and aid.

...

China wants to lock in its perceived advantages as the rising regional and global power. To achieve this, it's leveraging economic engagement with countries into influence in support of its broader policy goals. These can range from China receiving preferential commercial treatment, to countries keeping quiet on a range of issues related to maritime

58 Jason Om, Interviews on the Port of Darwin lease, *Lateline ABC*, June 12 2016 <<http://www.abc.net.au/lateline/content/2015/s4473850.htm>>.

59 Geoff Wade, 'China's 'One Belt, One Road' initiative', Parliamentary Library Briefing Book, Parliament of Australia, August 2016 <http://www.aph.gov.au/About-Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/ChinasRoad>.

60 Philip Wen, 'Andrew Robb defends Landbridge appointment as 'commercial arrangement'', *The Sydney Morning Herald*, October 31 2016 <<http://www.smh.com.au/world/andrew-robb-defends-landbridge-appointment-as-commercial-arrangement-20161031-gsepjq.html>>.

61 Euan Graham, 'A strategic premium for China', *The Cipher Brief*, May 6 2016 <<https://www.thecipherbrief.com/a-strategic-premium-for-china>>.

62 'Chinese money and Australia's security', National Security College policy options paper (ed., Rory Medcalf), Australian National University College of Asia and the Pacific, March 2 2017 <<https://nsc.crawford.anu.edu.au/department-news/9880/chinese-money-and-australias-security>>.

sovereignty disputes, human rights, democracy and international law.

Essentially, Beijing wants from its commercial partners the same deal that it has with its own people – economic benefits in return for acquiescence on politics and security.

Concerns were also expressed about the viability of the BRI, and its touted benefits for Australia. In December 2015 David Brewster, a visiting fellow at the ANU, expressed scepticism about the likelihood of the initiative's vision being realised. He wrote:⁶³

The OBOR initiative requires cooperation among many countries that are politically unstable, corrupt or experience high levels of civil conflict. This creates considerable risks for the implementation and operation of integrated infrastructure projects.

Ben Herscovitch, research manager of consultancy China Policy, opined that Australia was unlikely to garner significant benefits from the BRI. This was partly due to the fact, he argued, that Australia would not be considered a key country on the BRI map: 'it's unclear whether Australia's status as a 'major country at the end of the Maritime Silk Road' is anything more than symbolic.'⁶⁴

Economists and academics with a business focus have, generally speaking, tended to focus more on the economic impacts of the BRI and how the BRI might be harnessed to Australia's economic and business advantage. For example, Hans Hendrichke, Professor of Chinese Business and Management at the University of Sydney, commented that on BRI '[t]he focus should be on the commercial benefits, that provide benefits for both sides'.⁶⁵

In August 2016, the East Asian Bureau of Economic Research at the ANU and the China Center for International Economic Exchanges based in Beijing published the Australia-China Joint Economic Report. The report identified some specific areas in which Australia and China could explore BRI cooperation:⁶⁶

Both countries should work to build a bilateral financial infrastructure focus into regional initiatives such as One Belt, One Road...to improve payment systems, credit information bureaus, collateral registries and financial intermediaries and institutions throughout the Asia Pacific.

OBOR represents an opportunity to further strengthen financial integration by complementing its trade networks and physical infrastructure investments with greater investment in financial infrastructure. Along with infrastructure investment in Northern Australia, this represents another key way in which Australia and China can collaborate on OBOR. Investment in financial infrastructure such as financial institutions, financial intermediaries, payment systems, credit information bureaus and collateral registries should be seen as critical complements to the broader OBOR objectives of deepening trade and commercial links, and thus should receive the same level of attention and financial support.

Peter Drysdale, the report's Australian lead, again vocalised support for the initiative in May 2017, stating:⁶⁷

The world should welcome the Initiative as China steps up its leadership role in upholding free trade principles and deepening economic integration. This is needed as the world is

63 David Brewster, 'China's rocky Silk Road', *East Asia Forum*, December 9 2015 <<http://www.eastasiaforum.org/2015/12/09/chinas-rocky-silk-road/>>.

64 Ben Herscovitch, 'China's Belt and Road Initiative likely to bypass Australia', *The Interpreter*, October 15 2015 <<https://www.lowyinstitute.org/the-interpreter/chinas-belt-and-road-initiative-likely-bypass-australia>>.

65 Xinhua, 'Australian businesses should link with China for Belt and Road opportunities: Expert', *China Daily*, May 4 2017 <http://www.chinadaily.com.cn/business/2017-05/04/content_29201688.htm>.

66 East Asian Bureau of Economic Research and the China Center for International Economic Exchanges, 'Partnership for Change: Australia-China Joint Economic Report', Australian National University Press, East Asian Bureau of Economic Research and the China Center for International Economic Exchanges, 2016 <<http://acjer.eaber.org/>>.

67 'Belt and Road Initiative depends on Australia and others signing', Australian National University newsroom, May 22 2017 <<http://www.anu.edu.au/news/all-news/belt-and-road-initiative-depends-on-australia-and-others-signing-on>>.

seeing slow growth and a rising tide of anti-globalisation.

Professor Drysdale noted that Australian participation could be beneficial in helping shape, in some way, the development of the BRI. He further observed:⁶⁸

The success or failure of this Initiative will be critical for the development of China's external economic relations as well as the global economic regime. But the outcome will depend critically on whether countries like Australia and other western countries make the choice to sign on in the spirit of multilateral engagement.

The alternative is a world of transactional bilateral deals that threaten to corrode the openness of the global economic regime, which will be detrimental to Australia's interest.

Alice de Jonge, a senior lecturer in the Department of Business Law and Taxation at Monash University wrote in an opinion piece:⁶⁹

There are two key reasons why Australia needs to remain involved in both the AIIB and OBOR. The first is the risk of missing out if Australian businesses don't take advantage of the opportunities available.

...

The second reason why Australian businesses need to remain actively engaged, is to ensure that the country is in a position to influence the longer-term future of the region. Australia should be using its influence to emphasise the potential for OBOR initiatives to help achieve the sustainable development goals including reducing hunger, poverty and inequality, to name a few.

Craig Sugden, a senior public-private partnerships (PPP) specialist at the World Bank, observed that on the BRI '[a.]s is the case with many other issues

68 Ibid.

69 Alice de Jonge, 'Australia risks missing out on China's One Belt One Road', *The Conversation*, May 16 2017 <<https://theconversation.com/australia-risks-missing-out-on-chinas-one-belt-one-road-77704>>.

70 Craig Sugden, 'Belt and Road PPPs: Opportunities and pitfalls', *The Interpreter*, Lowy Institute for International Policy, June 13 2017 <<https://www.lowyinstitute.org/the-interpreter/belt-and-road-ppps-opportunities-pitfalls>>.

71 Saul Eslake, 'China's 'Belt and Road Initiative' and its implications for Australia', discussion paper, Australia-China Annual think Tank Dialogue, Australia-China

involving China, opinion on BRI is torn between apprehension regarding China's leading role and appreciation of the huge business opportunities on the other.' He nominated, however, 'a potential role for Australia in BRI focused on PPPs' stating that conditions are ripe for Australia to take on a thought-leader role in the area:⁷⁰

What is clear, however, is that PPPs can provide a natural niche for Australia. Australia can contribute to BRI by helping ensure that PPPs live up to their potential to deliver higher quality and lower cost services faster. By promoting good PPP practices, Australia can help avoid a free-for-all of unconstrained strategic or commercial interests.

However, Paul Dibb, an academic at the ANU's Strategic and Defence Studies Centre, in a May 2017 opinion piece characterised economic commentators in Australia as 'naïve' for failing to 'explore the geopolitical imperatives' of the BRI, stating:

I am not arguing here that we should reject out of hand participation in One Belt, but I am suggesting that we need to be sceptical about China's motives and to proceed with great caution until we gain a better understanding of its geostrategic implications.

This characterisation of failing to take into account all angles may be levelled at both ends of the spectrum – security and defence on the one hand, economics and business on the other. Yet some analyses attempt to take into account both sides of the equation.

Saul Eslake, former Chief Economist at the Australia & New Zealand Banking Group (ANZ), cautioned against knee-jerk reactions to the BRI, advocating a considered approach that puts Australian interests ahead of other considerations. While noting that the BRI is of 'considerable potential interest to Australia', he advised:⁷¹

Australia's response should not be influenced by fear – either of China's purposes in promoting the 'Belt and Road' Initiative, or 'fear of missing out' (FOMO) on business opportunities in China, and Chinese investment in Australia.

Jane Golley, an economist and Deputy Director of the China in the World centre at the ANU, noted in a podcast with the Australia-China Relations Institute at the University of Technology Sydney that as China is one of the world's largest economies, its economic tools, such as the BRI, are likely to have geopolitical consequences, regardless of intention. She recommended Australia be more proactive in information gathering, observing that the global market for Chinese capital is competitive and that it will be difficult for Australia to compete if it does not seek the information necessary to become engaged with the initiative.⁷²

Despite differences in opinion on the BRI, how it might play out, and its potential ramifications for Australia, commentators are now largely unified in the notion that the initiative is something Australia needs to take seriously. Hugh White, Professor of Strategic Studies at the ANU, pointed this out in late 2015: 'One Belt, One Road sounds daggy to us but it's deadly bloody serious'.⁷³

Business community

Shortly after the signing of ChAFTA and the announcement of Australia's membership of the AIIB in June 2015, Australia's business community began to consider what the BRI might mean for their business interests. For example, writing in *The Australian* in August 2015, Tony Cripps, chief

executive of HSBC Australia, argued in favour of involvement in the BRI due to the potential business opportunities it could offer:⁷⁴

One Belt, One Road may seem far-removed from our shores, but its business opportunities for Australia should not be missed. Given the future growth of this region, developing stronger trade and investment ties with the countries covered by One Belt, One Road should be a key priority for Australian businesses.

Mr Cripps repeated his call for proactive Australian engagement with the BRI in October 2015, arguing that Australia would need to develop strategies to make itself relevant to China in the context of China's evolving economy:⁷⁵

There are many other economies trying to hook onto the Chinese locomotive, so we need to ensure we don't get pushed to the back of the queue.

Australia must clearly articulate its value to China's decision-makers in a changing world – effectively, why Australia and why now?

Mr Cripps went on to note that the BRI, as an infrastructure-focused program, would create greater demand for Australian commodities, especially iron ore.⁷⁶

Similarly, in November 2015 Managing Director of Fortescue Metals Group, Nev Power, pointed out that BRI projects would boost demand for Australian steel, and that Chinese economic policies such as the BRI would be the determinant of iron prices, rather than excess supply.⁷⁷

Relations Institute, University of Technology Sydney and the Chinese Academy of International Trade and Economic Cooperation, Beijing, People's Republic of China, June 18 2017 <<http://www.saul-eslake.com/wp-content/uploads/2017-06-18-OBOR-Beijing.pdf>>.

72 Jane Golley interviewed by James Laurenceson, 'China's Belt and Road Initiative, geoeconomics and Australia-China relations', The ACRI Podcast, Australia-China Relations Institute, University of Technology Sydney, August 9 2017 <<https://soundcloud.com/acripodcast/chinas-belt-and-road-initiative-geoeconomics-and-australia-china-relations>>.

73 Fleur Anderson and Jacob Greber, 'Controversial Chinese investment in Australia is part of a bigger, more grand, multi-generational plan', *The Australian Financial Review*, November 21 2015 <<http://www.afr.com/news/policy/foreign-investment/controversial-chinese-investment-in-australia-is-part-of-a-bigger-more-grand-multigenerational-plan-20151119-gl3mu9>>. Note: 'daggy' is Australian slang for 'unfashionable'.

74 Tony Cripps, 'China's economic road map paved with potential for Australian firms', *The Australian*, August 11 2015 <<http://www.theaustralian.com.au/business/opinion/chinas-economic-road-map-paved-with-potential-for-australian-firms/news-story/817dbf3749788e75976fc0d4fdc3577e>>.

75 Tony Cripps, 'Australia must do more to articulate its relevance to China's evolving marketplace', *The Australian*, October 28 2015, p. 29.

76 Ibid.

77 Matt Chambers, 'Fortescue says Chinese policy key to iron ore demand', *The Australian*, November 13 2015 <<http://www.theaustralian.com.au/business/mining-energy/fortescue-says-chinese-policy-key-to-iron-ore-demand/news-story/7e46a3f93c3dfa96ef12951efbcc02f3>>.

Andrew Lumsden, a partner at law firm Corrs Chambers Westgarth, offered a different perspective on how Australian business might be able to participate in the BRI in an article in July 2015. He described Australia's potential contribution as not being limited to commodities alone, but extending to practical expertise in delivering complex construction projects. Therefore, he argued that despite the end of the commodities boom, Australian experience in project planning, financial forecasting, talent and risk management could 'now be redeployed in the One Belt One Road.'⁷⁸

Furthermore, Mr Lumsden noted that '[a]cquisition is not the only option for China in securing the skills of Australian construction firms. The One Belt One Road Initiative, together with ChAFTA, presents opportunities for Australian companies to joint venture with Chinese companies in providing construction services.'⁷⁹

In early 2016, a BRI advisory group – the Australia-China Belt & Road Initiative – was launched to 'help Australian business gain clarity on Belt and Road opportunities' through an annual bilateral engagement program and boardroom briefings.⁸⁰ Malcolm Broomhead, chair of the advisory group and director of BHP Billiton, in an interview with *The Australian* vocalised support for Australian business engagement with the BRI stating that President Xi's invitation to Australia to participate provided 'an opportunity to get onto tender lists and to gain funding that is only available to certain countries, of which we are one.'⁸¹

In October 2016 the advisory group led a delegation of Australian business and industry bodies to Beijing to meet with Chinese government officials involved with BRI policy formulation and Chinese companies involved in the initiative. The

delegation included three of Australia's 'big four' banks, law firms King & Wood Mallesons and Minter Ellison, and engineering, construction, energy and infrastructure companies BHP Billiton, Orica, SMEC, Norman Disney & Young and WorleyParsons.

Of Australian business proactiveness in pursuing BRI discussions Rowan Callick observed:⁸²

Australian firms have been late to identify opportunities in China in the past, with few investing or opening offices there even today... But with [BRI], they have taken a little lead, becoming the first private sector group to come to Beijing to chase up openings.

A poll of Australian companies conducted by HSBC and published in October 2016 indicated that few had plans to engage with the BRI.⁸³ But there have been indications that for some Australian companies the benefits of the BRI are already worthy of serious consideration. In May 2017 *Bloomberg* reported that Australian engineering company WorleyParsons was actively seeking out 'more than \$10 billion in contracts related to China's Belt and Road spending plan, leveraging its technical expertise from existing relationships with Chinese construction firms in Asia and Africa.'⁸⁴

Additionally, the withdrawal of the US from the Trans-Pacific Partnership in January 2017 seemed to see renewed business interest in further exploration of the BRI. Former Australia and New Zealand Banking Group chief executive Mike Smith commented:⁸⁵

With the death of TPP, there is a vacuum in terms of some of the multilateral trade initiatives. This is possibly a nice way for Australia to really get into where the action is.

78 Andrew Lumsden, 'Chinese One Belt One Road initiative - A new opportunity for Australian expertise?', 'Insights' – Corrs Chambers Westgarth, July 20 2015 <<http://www.corrs.com.au/thinking/insights/chinas-one-belt-one-road-a-new-opportunity-for-australian-expertise/>>.

79 Ibid.

80 Australia-China Belt & Road Initiative <<http://www.australiachinaobor.org.au/>>.

81 Rowan Callick, 'One Belt, One Road China advisory group launches in Melbourne', *The Australian*, May 27 2016 <<http://www.theaustralian.com.au/business/news/one-belt-one-road-china-advisory-group-launches-in-melbourne/news-story/9d6e640c99ab1d66c5aa41c1a0814757>>.

82 Rowan Callick, 'China and US share one goal but two different paths', *The Australian*, December 8 2016 <<http://www.theaustralian.com.au/business/opinion/rowan-callick/china-and-us-share-one-goal-but-two-different-paths/news-story/3792b3007b6238ed20fb8785351b96a3>>.

83 Herald Sun, 'Aussies on the money in China', *Herald Sun*, October 12 2016, p. 30.

84 Matthew Burgess, 'WorleyParsons sees \$10 billion boon in China's belt and road', *Bloomberg*, May 25 2017.

85 Damon Kitney, 'Robb to unveil two-way investment deal with China', *The Australian*, May 31 2017 <<http://www.theaustralian.com.au/business/financial-services/robb-to-unveil-two-way-investment-deal-with-china/news-story/7ef36e14dea780473e0341ab0e49fc42>>.

As the BRI gains steam, there seems to be a level of concern in the Australian business community that there is a lack of a concerted push in Australia to, if not support or harness the BRI more fully to its advantage, at least develop a better understanding of how it may want to participate, if at all. Martin Tricaud, chief executive of HSBC Australia, wrote in an opinion piece in May 2017:⁸⁶

Debate in Australia about Belt and Road risks becoming one-dimensional. A more robust discussion would recognise the potential for the initiative to enhance the economic integration of Australia with the Asia-Pacific region, and also its capacity to boost growth in developing nations and to invigorate global capital markets.

John Denton, chief executive of law firm Corrs Chambers Westgarth, stated in an interview that Australia needs to 'sort out' its position on the BRI and 'grasp the opportunities it has in terms of the economic relationship'.⁸⁷

Business representatives seem to harbour less apprehensions than other sectors regarding any geopolitical dimensions to the BRI, with some ruling out the concern entirely. Mr Denton in the same interview asserted, 'We have to understand that BRI is not a foreign policy of the Chinese government, it is an economic development play'.⁸⁸

National Australia China Business Council President John Brumby posited:⁸⁹

China wants to promote, encourage, support and part-finance infrastructure projects throughout the region to accelerate economic growth and open up trading opportunities. I don't think it's any more complex than that.

...

[T]he language in Australia needs to be more supportive.

⁸⁶ Martin Tricaud, 'Forum: Belt and Road needs all sources of capital', *The Australian*, May 12 2017 <<http://www.theaustralian.com.au/business/forum-belt-and-road-needs-all-sources-of-capital/news-story/ce4486d95519f3d1973ba275e2f92f50>>.

⁸⁷ Glenda Korporaal, 'Corporate concern over China tensions harming trade', *The Australian*, September 4 2017 <<http://www.theaustralian.com.au/business/corporate-concern-over-china-tensions-harming-trade/news-story/c158d1a075000ebf99daddc95fa5f859>>.

⁸⁸ Ibid.

⁸⁹ Lisa Murray, 'What's in a name? China plays down OBOR's strategic drivers', *The Australian Financial Review*, May 11 2017 <<http://www.afr.com/news/world/whats-in-a-name-china-plays-down-obors-strategic-drivers-20170511-gw2vex>>.

Conclusion

To date, the Australian Government has adopted an interested but cautious approach to the BRI. While the initiative was generally welcomed following Xi Jinping's speech to Australian Parliament in November 2014, and potential cooperation on development projects in Northern Australia was discussed at the 2015 Strategic Economic Dialogue, there has been little progress in terms of concrete policy outcomes. The only reported result has been the signature of an MOU on bilateral cooperation in third countries in September 2017, for which little information is available.

From 2013 to 2015, coverage of the BRI in Australian media was limited. Indeed, while coverage is gaining momentum, it continues to remain an issue that does not necessarily receive sustained airtime. Consequently, it has taken time for the Australian public to begin to grapple with the question of the country's participation. Along with the signing of ChAFTA, debate over joining the AIIB, and growing sensitivity regarding Chinese investment in Australia, awareness of the BRI gradually increased. The Belt and Road Forum for International Cooperation, held in Beijing in May 2017, also led to wider coverage. Australian media, commentators, the business community express different views about how and to what extent Australia should engage with the initiative. Some scholars highlight the economic and strategic opportunities presented by the BRI, while others warn that China's geostrategic intent poses a threat to Australian national interests. However, generally speaking, the business community welcomes constructive discussion of how companies could benefit from the BRI, and demonstrates concern that Australia may fall behind if more informed dialogue and policy approaches are not forthcoming.

While the BRI is likely to become a defining feature of China's international relations in the coming years, Australia has yet to present a coherent response. The BRI is a nascent initiative for which many details are still to be developed, and therefore debate about Australia's participation among policymakers, media, academia and the business community is likely to continue.

About ACRI

For the first time in its history, Australia's most important economic relationship is with a nation very different in governance, politics and values. In the past, Australia's dominating economic relationships have been with the British Empire, the United States and Japan.

Today our most important economic partner is China.

China contributes now more to world economic growth than any other country. China absorbs 34 percent of Australian goods exports. By 2030, 70 percent of the Chinese population is likely to enjoy middle class status: that's 850 million more middle class Chinese than today.

In 2014 the University of Technology Sydney established the Australia-China Relations Institute (ACRI) as a think tank to illuminate the Australia-China relationship.

Chinese studies centres exist in other universities. ACRI, however, is the first think tank devoted to the study of the relationship of these two countries.

The Prime Minister who opened diplomatic relations with China, Gough Whitlam, wrote in 1973: 'We seek a relationship with China based on friendship, cooperation and mutual trust, comparable with that which we have, or seek, with other major powers.' This spirit was captured by the 2014 commitments by both countries to a Comprehensive Strategic Partnership and the 2015 signing of a Free Trade Agreement.

About the authors



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