

## The next stage of China's development and China-Australia relations: In conversation with Minister Liu Jianchao

**Speaker:** Mr Liu Jianchao, Minister of the International Department, Central Committee of the Communist Party of China

**Moderator:** Professor James Laurenceson, Director, UTS:ACRI

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### Mr Iain Watt:

Good afternoon, everyone. And before we begin proceedings, and on behalf of everyone present, I'd like to acknowledge the Gadigal people of the Eora Nation on whose ancestral lands our city campus stands. I'd also like to pay my respects to the Elders both past and present, acknowledging them as the custodians of knowledge for this land.

Welcome to everyone in the audience here this afternoon and those also joining us online. Aside from our distinguished guest tonight, Minister Liu Jianchao, I'd like to extend a particular welcome to the Ambassador of the People's Republic of China to Australia, His Excellency Xiao Qian, and to the Acting Consulate General in Sydney, Mr Wang Chunsheng, both of whom we see frequently on our campus here at UTS and we're very grateful for their support.

My name's Iain Watt. I'm the Deputy Vice Chancellor and Vice President for International Affairs here at the University of Technology in Sydney. Before we get into the discussion, I'd like to very briefly say a little bit about the Australia-China Relations Institute, or ACRI. ACRI is an independent, non-partisan research institute established 10 years ago nearly, in 2014, by UTS. China studies centres exist in many other Australian universities, but UTS:ACRI is the only centre which is devoted to studying the bilateral relationship between Australia and China. ACRI's mission is to inform Australia's engagement with China through research, through analysis, and through dialogue, all grounded in rigorous scholarship.

Now today we're delighted to welcome Mr Liu Jianchao, Minister of the International Department of the Central Committee of the Communist Party of China, to deliver an address, and then to join ACRI's Director, Professor James Laurenceson, in conversation.

Prior to his current position amongst other roles, Minister Liu was a diplomat in China's Ministry of Foreign Affairs, having served as a Chinese Ambassador to both the Philippines and Indonesia. And I learned just early this afternoon that Ambassador Qian was his successor's successor in that role in Indonesia. Minister Liu also served as an Assistant Minister of Foreign Affairs.

Now today's event will begin with an address from Minister Liu and he's titled it 'The next stage of China's development and China-Australia relations.' He'll then join Professor Laurenceson in conversation. Finally, there'll be a Q&A segment involving those in the room and, as well, drawing on pre-submitted questions from our registered online audience. With all that out of the way, I now invite Minister Liu to give his address.

**Mr Liu Jianchao:**

Thank you.

Honorable Vice Chancellor Iain Watt, Professor James Laurenceson, ladies and gentlemen, I [inaudible] with you here in ACRI. I wish to begin by thanking the Australia-China Relations Institute for the time and dedication and Iain Watt for the very warm words. ACRI [inaudible] devoted to China-Australia relations has long permitted the promotion of this relationship with an unbiased and sensible attitude, which echoes UTS' motto of 'Think, Change and [Do]'.

My appreciation must also goes to Bob Carr, you also mentioned it, former Australian Foreign Minister, who founded the ACRI, and to all of you as well for cultivating China-Australia friendship over the years. Australia [inaudible] continent yet full of vitality. It's not alien to the Chinese people.

Take my own experience and my family, for example. When I was an undergraduate with the Foreign Studies University, at the time it was called the Foreign Languages Institute. The first guest of honour, guest of state to my university was Bob Hawke, who kindly spoke to us, and he was warmly greeted by my wife, at that time my girlfriend, and myself.

My wife is a great fan of the Australian literature novel, which is *The Thorn Birds*. She read it for a number of times and that could be one of the reasons why we started to date and got married eventually. And my son, who is also a fan of the Australian movie, the *Crocodile Dundee*, which was almost his age at the moment. So a lot of connections. My grandson is five years old and I hope that I could bring him to Australia when he grows a little bit older.

I think that the value that the Australians cherish, which is diversity and inclusiveness, perfectly resonates with the Chinese belief of harmony without uniformity. This is indeed where the root of China-Australia friendship lies.

China-Australia relationship was once a pace-setter for China's relations with other developed countries. Yet it also suffered setbacks in recent years. The two meetings between President Xi Jinping and Prime Minister Anthony Albanese since the end of last year have charted the course of future relations. The steady growth of a sound China-Australia relationship serves the interests of the two countries and the two peoples. It is also shared responsibility of the governments' political parties, think tanks and other social sectors of our two countries. And as you've been following the trajectory of China-Australia relations, I guess two questions might be of interest to you.

Number one, how China-Australian relations should be managed. And number two, what the next stage of China's development will be look like. I'm happy to share with you some of my views.

On China-Australia relations: Confucius one said, 'One should know the decrees of heaven at the age of 50.' As China and Australia celebrated the 50th anniversary of diplomatic relations last year, we should have come to understand that for this relationship to grow soundly, we must never forget how we started the journey, and keep the right approach of mutual respect, seeking common ground while we're shelving the differences and pursuing mutually beneficial cooperation. To be more specific, we need to work on the following fronts.

First, enhancing mutual trust to keep China-Australia relations on course. China and Australia have no historical grievances, no conflicts of fundamental interests. China never views Australia as an adversary or a threat, and never acts as adversary or threat to Australia.

President Xi Jinping once noted, 'Viewed from the perspective of my own country first, the world is scrambled and crowded place, perpetuated in fierce competition. But viewed from the perspective of a global community with a shared future, the world is a vast and broad place full of co-operation opportunities.' China and Australia need to keep our Comprehensive Strategic Partnership on course amidst the profound changes in the global landscape. With mutual trust, we can help each other succeed and constantly move our relations forward.

Second, strengthening corporation to unleash the potential. Over the past 51 years, China-Australia corporation has grown from a small stream into a mighty river, adding strong momentum to our two economies and delivering enormous benefits to the peoples. When we established diplomatic ties in 1972, our bilateral trade was only USD \$86 million. And by 2022, USD \$220 billion.

China has become Australia's largest trading partner and Australia one of China's largest suppliers. As our two countries economic structures and development strategies are highly complimentary, the considerable potential for our cooperation is yet to be fully tapped. We need to better leverage the strength of the China-Australia free trade agreement to step-up cooperation in traditional areas such as energy, minerals and agricultural products, as well as in emerging areas such as green development, digital economy, technological innovation and the health industry.

Third, expanding common ground while reserving differences to consolidate the foundation. China and Australia have different political systems, historical experiences, cultures and national conditions, and thus different views on certain issues. Yet this should not stand in the way of bilateral relations. Earlier on in our diplomatic ties, disagreements and differences between us were even bigger, but we treated each other as equals, rose above differences and found common ground, thus ensured the steady and sound growth of China-Australia relations. Going forward, we need to respect each other's core interests and major concerns to properly manage differences and expand common understanding. In this way, cooperation will remain the keynote of our bilateral relations.

Fourth, deepening exchanges and forge a closer bond. Heart-to-heart connection is the bedrock for the friendship between peoples, which holds the key to sound relations between states. We need to make full use of various mechanisms to strengthen interactions between our governments, legislatures, political parties, think tanks, news media, young people and at sub-national levels, and boost cooperation in such areas as education, culture, science and technology and tourism.

When people-to-people bonds are closer, the foundation of China-Australia relations will be more solid to weather all kind of storms. Think tanks are an important force to shape public opinion, facilitate cooperation, and produce policy suggestions. It is our hope that ACRI will continue playing an active role in this regard to bring our peoples closer together.

And now on China's future development. What we are doing at home now is to advance the rejuvenation of the Chinese nation through a path to modernisation. It contains elements that are common to the modernisation processes of all countries and has unique features of its own. Chinese modernisation aims at common prosperity. Development must benefit the people, and prosperity must be shared by all.

Through many years of hard work, we have built in China the world's largest education, social security, and healthcare systems. And as you know that we have lifted over 800 million people out of poverty. Thus put an end to absolute poverty that have been with China for about more than 2,000 years. However, China's

achievements should not be exaggerated. China's GDP in 2022 was at USD \$18 trillion, 10 times of that of Australia. But in per capital terms, our GDP was only one fifth of that of Australia. China will remain a developing country for a long time to come.

President Xi Jinping has underlined the modernisation we are pursuing is not only for the Chinese people, and we are ready to work with all developing countries to advance global modernisation. The underlying logic behind what China has done, be it the launch of the Belt and Road Initiative, or the Global Development [Initiative] and South-South Cooperation Fund, or the development assistance China has offered to over 160 countries, is to promote common prosperity of the world.

We develop relations with the Pacific Island countries in the same mind. The co-operation between the two sides is for the development purposes, so far as to grow the economy and benefit the people. All co-operation projects are overbought with no political strings attached and there's been no hidden agenda. We have never interfered in the internal affairs of the Pacific Island countries, nor attempted to get any exclusive results. Still less will we seek any kind of spheres of influence.

China is ready to work with Australia and other countries to carry out tripartite or multi-partite cooperation in the region by leveraging our respective strengths so as to support Pacific Island countries in achieving self-reliant and resilient growth.

Chinese modernisation pursues sustained development. To achieve modernisation, we must protect the nature. Or in President Xi Jinping's words, 'We must keep our waters clean and mountains green', as they are invaluable assets. We in China are promoting green, low-carbon and circular development with efforts like never before. At present, nearly half of the world's installed photovoltaic capacity is in China. Over 50 percent of all new energy vehicles in the world run on the roads in China, and one-fourth of the world's total increased reforestation is contributed by China. Now China is trying hard to make the sharpest reduction in carbon intensity in the world, and achieve carbon peaking and carbon neutrality in the shortest time span in the history of the world. As Australia, both excellent expertise and well-established frameworks in this regard, China hopes to strengthen co-operation with your great country so that together, we address climate change, protect the environment, and leave future generations with a clean and beautiful planet.

Chinese modernisation features openness and co-operation. China grows itself by pursuing openness and co-operation. It also shares opportunities with other countries in this process. Not long ago, we hosted the Sixth Chinese National Import Expo. Prime Minister Anthony Albanese attended it, along with representatives from 154 countries, regions, and international organisations. For six years in a row, the exhibition area of American companies has been the largest at the expo. It all shows that seeking co-operation of mutual benefit is the most sensible and inevitable choice. China is a staunch supporter for an open world economy. We will press ahead with institutional opening up in rules, regulations, management, and standards, and higher standard opening up in cross-border services, trade, and investment. We will also protect the lawful rights and interests of foreign businesses.

Some people may say that compared to the pre-COVID era, China's economy is slowing down. We need to put this issue into perspective and bear in mind two changing factors.

Number one, China's economic aggregate. For China, the growth rate of 7.7 percent in 2013 meant a USD \$660 billion increase of economic aggregate, while 5 percent of growth in 2023 means a 900 billion US dollars increase of economic aggregate. That is to say, one percentage point of growth this year roughly equals 1.2 percentage points of the growth 10 years ago. Besides as destabilising and uncertain factors in the world economy are mounting, China are all confronted with difficulties in growth as well. The latest world economic outlook of the IMF forecasts that the world economy will grow by 3 percent this year, developed economies

1.5 percent, and Eurozone 1.7 percent, and in comparison, China's growth of 5 percent is by no means a small figure.

Number two, the quality of China's economy. Thanks to the new development philosophy of pursuing innovative, co-ordinated green and open development that is for everyone, China's economic structure keeps improving, with prominent growth in innovation-driven, digital, and green economy. The fundamentals sustaining China's long-term economic growth remain unchanged, and that is why we are confident about the future and ready to bring greater certainty to this uncertain world.

China's modernisation is peaceful in nature. Aggression and expansion are not in our genes. For China to realise development, we need peace and stability, not conflict or war. China will not take the old path of colonisation or plundering, or the wrong path of seeking hegemony with growing expanse. Over the past 70-plus years since the founding of the People's Republic, China has not provoked a single conflict or war, or occupied even an inch of foreign land; and China is the only major country to incorporate its commitment of peaceful development into its constitution. China will never pursue hegemony or expansion, whatever stage of development it may reach.

In a world of increasingly complex and grave challenges, President Xi Jinping put forward the Global Development Initiative, the Global Security Initiative, and the Global Civilisation Initiative. The three global initiatives and the Belt and Road Initiative constitute the three pillars and a platform to sustain the building of a community, or a global community, with a shared future for mankind. They are China's proposals to create a better world, and China is a beneficiary and a defender of the existing international order. It has no intention to reinvent the wheel by establishing a so-called China-centric order. These proposals and initiatives are open to all countries, Australia included, at all times. Countries and peoples that pursue peace and progress are welcome to join the journey to build a community with a shared future for mankind.

The famous Australian poet Mary Gilmore once said: 'I have grown past hate and bitterness. I see the world as one.' As a major regional country with global influence, Australia plays an irreplaceable role in the Asia-Pacific and global affairs. China stands ready to stand up co-operation with Australia, to safeguard peace, stability, and prosperity in the region, and meet together global challenges.

Thank you very much for your attention. Thank you.

**Professor James Laurenceson:**

Thank you very much, Minister Liu, for that address.

I think the Australian public would've heard some words of reassurance there, and I think they would've appreciated the positive element that you injected in terms of the bilateral relationship between Australia and China. Now look, having said that, I think the Australian public also have concerns and also have questions, and that's this part of the discussion we're going to move to now. There's no point, as the Minister said, pretending that differences don't exist. They do exist. Australians, the general public, do have real concerns, so let's dive into a couple of these issues.

A lot of these questions that I'm going to ask in the next 20-odd minutes are informed by the questions that were nominated by our online audience, so let's go through a few of those, and then afterwards we'll have some opportunities for some questions from those of you in the room now.

Minister Liu, I wanted to begin by asking a question about what brings you here tonight. Let's be frank, it's very unusual for a Chinese official of your level to put themselves out there to do a largely unscripted public event. Sometimes there are brave Chinese diplomats that do it such as Ambassador Xiao Qian, he came to UTS last

year, but that's the exception I think. Does your presence here today reflect a concern in Beijing that the West is pushing back or opposing China in a way, and so therefore you need to be more proactive in telling China's story well?

**Mr Liu Jianchao:**

First of all, I think that this –

**Professor James Laurenceson:**

Sorry. It's on.

**Mr Liu Jianchao:**

It's on, okay.

First of all, I think that such exchanges, and also interactions between Chinese government officials and things are really commonly, it's not rare. We do have such occasions with many think tanks and forums or seminars, and Chinese officials, very often, will show up in these events. So I think this is a perfect occasion for us to talk to each other after we have very strict COVID restrictions during the last three years, so I think this is the right time for us to sit together and exchange views.

And second, I don't really believe that the West is pushing China away, and we have welcomed the comments and even criticisms from other countries, including the West. And as for myself, and just now I cited the quotation from Confucius, at the age of 60, you do understand the mandate of the heaven. And he has another saying, which is at the age of 60 your ears, and I'm turning 60 next year, your ears become obedient. So I think that the dialogue is a good thing and is also very, very important, so that's why I'm here, and I will be very much willing to listen to your views and also take your questions, for the common understanding between us.

**Professor James Laurenceson:**

Indeed I heard our Prime Minister Albanese, when he was in China, he repeatedly said that dialogue is always a good thing, so I think you share something with our Prime Minister there.

Certainly I think it's a very positive thing that you are here with us tonight, and I think the general public appreciate the opportunity to hear directly from senior Chinese officials. But look, I think there also is a flip side to this. I think it's great that we have more Chinese voices in the Australian public debate, but I think the Australian public also want to hear more Australian voices on the ground in China. So look, let me go to a question to you now from Will Glasgow of *The Australian* newspaper, and I think the question Will asks is something that many Australians will want to hear your views on. There are around a dozen, as I understand it, Chinese journalists based in Australia. Many indeed are here in the room tonight, welcome. But there's currently zero journalists with Australian media outlets on the ground in China right now. Will wants to know, it's a simple question: when will they be allowed back?

**Mr Liu Jianchao:**

Well, I don't really believe that should be China that allow them to be back. I think that they left China for their own reasons. But you know that we have regulations governing or concerning the press coverage, and also foreign journalists in China, which is also a kind of platform, how we work with the rest of the world in terms of media exchange. So I think that the foreign journalists are welcome. And I saw my old friend in there who used to be the FT [Financial Times] journalist in China. So Australians are welcome to come back, because we believe that journalists are playing a very important role in making a country better understood by its own

country, so we believe that this is important. But I believe that the Australian journalists left China for more than one year now maybe, so according to the regulations, their journalist ID might be expired already. So if they wish to go back to China, or if they wish to send new people, they have to go through the procedure of applying for journalist IDs and visa. So that's the process. I think that they're welcome to be back. As far as – when I was working with the Foreign Ministry, I was basically working for the media. So personally, I have very good relationship with them, so I think that you are welcome, but you have to go through the procedures.

**Professor James Laurenceson:**

Okay, well that's a good news story. I understand that they have tried to get back on the ground, but they've faced some difficulties, but sounds as though that we might soon see Australian journalists back on the ground in China, and I think that's going to be a very good thing for the bilateral dialogue.

Let me now go to a question from Stephen Dziedzic, who's the ABC's Asia-Pacific foreign affairs reporter. He says that the Australian government has stated that it wants to stabilise the relationship. I'm sure you've heard that term over and over, even on your short stay in Australia so far. I've noticed Ambassador Xiao sometimes also uses that terminology, albeit wanting to move bilateral relations beyond just stabilisation. So Stephen's question is a two parter, but firstly, this is the first part. Do you think that the bilateral relationship has now been stabilised? Can we tick off on that objective?

**Mr Liu Jianchao:**

Okay, when you're talking about the stabilisation of any relationship, well, stabilisation of any relationship would mean that you keep to the favourable state of the relationship, and I should say that the China-Australian relationship was suffering a major setback in the last few years, as everybody knows. And also, we are having good relations, China has good relations with many other countries, so we want the relationship that is at any state of our relationship to remain stable favourably, meaning that we want to keep the relationship in good form. But when we say that the relationship between China and Australia needs to be stabilised, we mean that it should not be deteriorating anymore. It should come back to its norms, which is a kind of, what we agreed upon on the definition of the relation, which should be a comprehensive strategic partnership. So we stick to that relationship, the definition, but we are not that ambitious after suffering so many years of setback, of difficulties in our bilateral relationship. We need to restore the relationship to its desired state by only a gradual manner. So we need to improve and then stabilise, and then to develop. So I think that we should not move away from the definition of a comprehensive strategic partnership, and that's a relationship that need to be stabilised. And then we should work together to make the relationship improved, and then to make it stronger.

**Professor James Laurenceson:**

Do you believe the current Albanese government is living up to the comprehensive strategic partnership in terms of its rhetoric – ?

**Mr Liu Jianchao:**

I think that the statements that the Prime Minister stated, I think that they are really for that direction. You're happy with that. But it really takes tremendous amount of work and efforts from both sides to move forward together.

**Professor James Laurenceson:**

Okay. And on that note, the second part of Steven's question, and I'll link this to a question from Andrew Tillett, who's the foreign affairs and defence correspondent for *The Australian Financial Review*, they essentially

asked, what's next? What's the next stage of this process? For example, Andrew asks, might defence activities, even joint military exercises, be next on the agenda? Might that be part of stabilisation?

It's a good question because it was not that long ago. It was only in 2017, don't forget, that Australia and China were in fact running joint training exercises up in North Queensland. In 2019 I remember we had Chinese navy vessels on friendly port visits to Sydney. So what's next, Minister? Perhaps defence cooperation?

**Mr Liu Jianchao:**

Defence cooperation is very important. It's one of the symbols of a strong relationship that is based on confidence and trust. So I believe it's very important, and China is also very proactive on resuming such relationship based on mutual respect and mutual benefit. So I do believe that the ministry are playing a very important role in strengthening the confidence and the improvement of relations between our two countries.

But we, not to deny it, but there are some possible concerns on both sides. And on the China side would be the military presence of the Australian Navy ships in China, South China Sea and other water areas where we have disputes with some other countries. So I think in order to build up such a confidence and trust, I think that dialogue is also important and essential for our militaries to have this kind of exchange. So I think that we have had wonderful dialogues in the past. And also as you mentioned, the joint military exercises for training and for rescue, for many things that we could work together in the future as well.

**Professor James Laurenceson:**

All right.

There is one question I want to make sure we definitely get in, so let me just ask it straight away. It's a forward-looking question. And this one's particularly from Ben Westcott at *Bloomberg*, but I'm pretty sure everyone in the audience online and in the room will have this same question. And that is, do you believe that Australia-China relations can remain strong in the long run?

Everyone knows that Australia and China have their differences. There's one view in Australia that says because of those fundamental differences that the relationship is permanently fragile, or permanently brittle, and so that any development can quickly blow it off course. What's your assessment? How much resilience is there in the Australia-China relationship now?

**Mr Liu Jianchao:**

When you examine any kind of bilateral relationship you have to look at so many factors. I think number one, I really have great hope for the relationship between our countries and I do see very positive and inspiring factors or elements that have been existing and will exist in the future.

For number one, we used to be friends and we are friends. We could be very good friends for the reason that we don't really have any grave historical conflict, or any grievances, or any major conflict of interests. So that's number one.

Number two, we can really help each other and we could grow together, and together we can be very strong, and we could be really in solidarity.

Number three, I believe that in a world that is moving, I believe in globalisation and open economy and open market, and I do believe that Australia has the same belief in the kind of open and free global trading system.

So I think that China and Australia really see eye to eye in that respect. So we don't really have many major, well, hindrances or barriers in our bilateral trade.

But the only thing that we should be prepared for would be how we should manage the differences that we have. We do have differences with our political system, with many other issues, but we do need to have a understanding heart and we have to try to understand each other.

China has been criticised by Western countries, including Australia, for so many years. But there's one notion in the West that China has prospered and China is getting stronger, and the Chinese people is leading a much better life than they used to. So this is the success of a system that China has been pursuing in the last several decades. So what's wrong with that? So there's nothing wrong with that and that really deserves respect from the rest of the world. And China's growth is not only on its own, it's not for its own, and it's also for the success and also global development of the world.

So we do get very positive responses from the developing countries, like from Africa, from Latin America. If you were present at the opening ceremony of the Belt and Road Initiative International Forum you could really hear the messages from the international community, from the developing world, how they welcome the Belt and Road Initiative. So I think that when we have differences, try to have an understanding heart, and try to have a listen here, and try to have your ears obedient to different kinds of comments, of systems.

We respect Australia, as we respect other countries, because we believe, as I was saying this morning to the ambassador, Australia only has a history of more than 200 years of major development. I'm not saying that the Aboriginals – they did so much for this land, but when the Europeans came you really brought this country into prosperity. And that is a result of your system, your hard work and your values. We share a lot of common values, but we do have differences. But in China's case, you have to understand us because we are giving our people a much better life, and we are giving the world a better opportunity for development.

**Professor James Laurenceson:**

Okay. One, just quick follow up question and then we'll go to questions from the audience.

So let me put this in blunt terms. I think some Australians would say respecting differences, that all sounds good. But China's behaviour does not match its rhetoric. For example, just over the last week, there's been a raft of opinion articles written on the event of a Chinese naval vessel directing sonar at Australian navy divers, causing minor injuries. And so they would say, well, this doesn't appear to be a country that's behaving in a way that's like a friend.

Now I'm quite confident that Beijing has a different view on that, but what would your message to those Australian concerns be?

**Mr Liu Jianchao:**

Well, let me ask you, well, the person who raised this question, the question that what would happen if a Chinese naval ship came to your territory, well, your waters, or the waters that is near to Australia? Naturally you'll send your ships to monitor, to identify, and to do anything that could prepare any wrong happenings, or that something dangerous will happen to you. The same thing with China. And China has all the legal right to do this kind of monitoring, identifying, and do protection from anything that could harm China.

That incident took place in the water where there's no demarcation of that water, so there's some kind of dispute between China and Japan. My question would be why the Australian naval ship should be travelling to that area? And naturally you will raise China's concern, and China will have to do what it needs to do. But

China did it in a very professional way. We did nothing that harms the sailors, the naval people, or that ship. So I think that this is the kind of thing that needs to be discussed at certain level so to build up any kind of pre-consultations, or notification, or anything that could really prevent such misunderstandings from happening between the two militaries.

**Professor James Laurenceson:**

Do you think Beijing was happy with how that incident evolved? I mean, clearly from your message now, Beijing has concerns about Australian naval vessels approaching Chinese waters. But after that event happened, do you think that both sides managed the challenge wisely? Or do you think it was escalated to a level that it didn't need to be escalated to?

**Mr Liu Jianchao:**

I think such small instance could really escalate if it's not properly managed, because the press is following and will raise any kind of concern or emotions from the general public. But I'm sure that the ministries, the people in the navy, could understand what is the nature of this kind of issue, so I don't really believe that there's anything to play up. But when it comes to a time when China-Australia relations is just about to improve, an such incident will be, well, counterproductive for the improvement of the relationship. But let's not panic.

And the second thing is that maritime issues is very complicated and complex; South China Sea, the Taiwan Straits, Eastern China Sea. With Eastern China Sea and South China Sea we do have, well, different claims of the maritime rights or sovereignty, or sovereign rights, in those regions, as you probably very well know. So I think that we do urge the Australian government, and also the military, to act with great prudence in this area because China and the countries concerned from Southeast Asia, and also Japan included, will be moving about this very carefully. And that's why for the so many decades China and these countries have remained in peace, and have been very useful and effective consultations with each other.

So look at what is happening, what has happened in the last, well, almost more than 70 years after Second World War. Our region has basically remained peaceful. There's been no major wars in our region, despite the, well, differences that we have – also territorial, well, differences, disputes. But you seldom see any kind of major conflicts. And the only two wars that took place in our region, Asia-Pacific, would be the Korean War and the Vietnamese War, and the wars were not really started among these countries ourselves.

So I think that this kind of peaceful environment is essential for the economic takeoff for many economies, like South Korea, well, in Chinese Taiwan and China itself, and Thailand, Malaysia, Indonesia. So we've been enjoying peace for so many years we don't really want peace and stability be disturbed by any factor, internal factor, or any factor from our side. So I think it's really tragic to see what is happening in Europe, which is supposed to be a very peaceful place where all the advanced economies concentrate. But you do see conflicts and wars. So let's treasure and value the peace and stability that we enjoy, and give prosperity, economic development, an even better chance, and the sustained opportunity, a long-term opportunity, for future development for the benefit of our peoples in this region.

**Professor James Laurenceson:**

Okay. My understanding of the Australian position is that when it comes to our exclusive economic zone, Chinese naval vessels are actually welcome in that region. So let me just put that on the record.

Okay. Look, we might go to a few questions from the audience. I'm conscious it's been – most of my questions today were posed by men, it would be lovely to have a question from a woman.

Now with that said, we go right at the back. Yeah.

**Audience question:**

Hello, Melissa Conley Tyler, from the Asia-Pacific Development, Diplomacy & Defence Dialogue.

So Minister, you spoke about Australia and China leveraging our respective strengths in promoting development in the Pacific. And I'm interested in this because when we look at the new mantra, that 'cooperate when we can, disagree when we must,' I wonder where the Pacific Islands falls into that. In 2019 I was invited to an event in Hainan, which looked at: could Australia and China work together more in Pacific development? And the answer at that point was a clear no, given Australian sensitivities and where the politics are. I'm interested in this new stabilised era, whether you think there's any possibility of the first and second-largest donors to the Pacific working together in some way that will help benefit Pacific peoples? And if so, how can we achieve that?

**Mr Liu Jianchao:**

We are happy that China is a partner for the Pacific Island countries in their economic development, and we include them also with our agreement in the Belt and Road Initiative. So we help them with the infrastructure, airports, power plants and so many things, and schools and hospitals. I think that they are China's neighbours, a little bit farther than as your neighbour, but I do believe that Australia will also like to see the improvement of the livelihood of the people on these islands. So we have the same purposes, and China does not really have any kind of hidden agenda over these island countries. And China has no intention of seeking any sphere of influence. We respect the role and the influence of Australia in the Pacific Island countries.

But it could be done between our two countries. I mean, if the Australian government is happy, we could really have consultations over the regional affairs of these island countries, how we could work together for the economic development in these countries. So I think that that will be warmly welcomed by our partners and colleagues and the people from these Pacific Island countries. So we do need to have a kind of rational perspective of the intention and, also, the action, and also how we could really work for the benefit of the developing countries of this region. So I think that we could really have this kind of bilateral co-operation in the development of the Pacific Island countries. And if New Zealand is happy, we can include them or can work with them as well, or any kind of multi-party collaboration on these issues.

But we should try not to view China's presence in this regard as any kind of threat to Australia. No, it's never a threat. And China is also warmly welcomed by the Pacific Island countries. We do have regular forums or seminars or dialogues with these countries. And they take a very active role, active approach, to all this kind of dialogue and co-operation.

So anything that Australians are not certain with, China's partnership with these countries, let us know, so we can tell you what we've been doing with them. So any concern that you have, let us know. So we do respect the interests, the influence, of Australia in this region.

Thank you.

**Professor James Laurenceson:**

Sounds like an in-principle yes.

I might just go up to the back there and then we'll come down the front next. Yeah.

**Audience question:**

Minister, thank you very much. Richard McGregor from the Lowy Institute.

Can I bring you back to your comments on the South China Sea? I think Australian naval vessels have been transiting there for decades. Most of the area, apart from immediate territorial waters, would be international waters for transit purposes. I wondered whether, to clarify what you said, that you're saying that Australian naval vessels shouldn't be in the South China Sea at all?

**Mr Liu Jianchao:**

No, no, no, I haven't said that. No. According to the international law and also the – what is that? – UNCLOS, China has been acting in accordance with UNCLOS. And also the South China Sea has always been a peaceful place and also a free travel route for international ships, including the Australian ones, be it naval ships as well.

But the thing that we should guard against is that when the naval vessels of Australia were actually there, there could be some statements from the Australian government about their concern over China's quote-unquote 'coercive' actions or policies towards South China Sea. And that seems to be justifying the presence of the Australian naval ships in there. So this kind of rhetoric, this kind of statement, would give the Chinese people a message that the reason why the Australian naval ships are there was really to contain China. So that is the message that we've been getting.

And the thing is that it's a simple fact that this maritime route has been open, has been free for navigation for any kind of travel in the past several decades. And there's not been any trouble with that. But the thing is that why you are there and the statement that make, without the intentions. Because when you are there, certainly China has its interests in the South China Sea and we have to do some kind of analysis and judgment on the intention of the military's presence in that area. And well, in the past several years, and particularly in the last decade, we've seen an increasing number of military vessels in that part of the world. And that will certainly raise China's concern.

Thank you.

**Professor James Laurenceson:**

Okay, I'm going to try and squeeze one last very quick question, if I could, just down the front.

**Audience question:**

Glenda Korporaal from *The Australian* newspaper.

Could I ask you to comment on Australia's policy regarding Chinese investment in Australia? The Chinese investment has been falling away. There have been several applications which have been rejected for Chinese investment here. Would you like to see more Chinese investment and – in areas, particularly critical minerals or lithium? Are there particular areas where you think there might be more Chinese interest in investing here?

**Mr Liu Jianchao:**

Yes, of course we'd like to see more Chinese investment and we'd like to see more Australian investment in China. So I think that they are mutually beneficial arrangement. But I do believe that these need to be done on

the basis of the market rules, and also the WTO rules, and on the basis of international, global, free and open trading system and business interactions between any economies.

So I think that the concern that we have, to be honest, is that Huawei has been rejected and some other investments from China has been rejected. And the reason behind this is that the security fact has been overplayed and has been exaggerated. So I don't really believe that this is the right thing to do, and that really harm the confidence of business people of both countries. So they are not too sure what will happen when they are trying to invest if they don't really see a clear future. And if they don't see any kind of certainty in the investment cooperation between two countries, naturally they will not come.

So I do hope that taking the advantage or taking the opportunity of the relationship that is on the way of improvement we should think twice about the policies, trading or business cooperation policies and also opportunities between our two countries. When the relationship was sour, it could really harm people's confidence and it could really lead to some kind of un-rational policies. So I hope that that could be amended, that could be reversed. And I think that could be some rethinking in this regard, so that the governments of the two countries should try their best to pave the way for normal and sustained cooperation in investment and in trade. Thank you.

**Professor James Laurenceson:**

Yeah, I note Trade Minister Don Farrell, two weeks ago, said that Chinese investment was still welcome in Australia's critical mineral sector. I thought that was a significant intervention.

Look, let me now invite the Honourable Warwick Smith to the lectern to offer a vote of thanks. Minister Liu, just in case you don't know, Warwick has been called Australia's Mr China. I remember seeing that headline a couple of years ago.

So Warwick, to the lectern.

**The Hon Warwick Smith AO:**

Thank you.

I might say the Mr China article was written by Glenda. For a long time, I was very grateful, for a little while, Minister, I wasn't really sure.

Firstly, to the Director, I thank you very much for the kind invitation to say a few words. You did limit me, which was very wise. To His Excellency, the Ambassador, who I know well, Consul-General, and of course my friend Iain, Vice Chancellor for International to this fine university.

Firstly, to pay tribute to ACRI, you've established integrity and professionalism in a very, very important sector in our bilateral relationship. You acknowledged it, sir. We acknowledge it in this room. And so we congratulate you for the pathway that you've been able to navigate.

The many aspects of your speech that I'd love to comment about, but in one issue that you raised, right at the beginning, and it's about trust. In personal relationships, as within national relationships, trust is easily lost, but it's the rebuilding of trust that takes time and energy. And a cornerstone of rebuilding trust, at a personal level or a national level, is engagement. We had these years where we had no engagement, COVID stopped tourists, COVID stopped education. Then we had other loose language that led to a complete distrust and breakdown.

So now we are, in my view, in a new phase. 'Stabilising' – I like the word, but I like the 'new phase' because I think we're in a new phase. We're looking at new ways to reinvigorate the relationship with a deeper understanding. You talked about respect; respect for your system and institutions, and your respect for our institutions and our values. I actually think that always existed. I actually think that always existed, but a deeper understanding, going forward, is something that we both need to embrace.

Now, for the last five years, I've been on the board and in charge of international relations and security for the Business Council of Australia, the 130-odd major companies in Australia, and had many dialogues, public and private, about all of those issues. Many of them would focus on China because so much of our merchandise trade and other trade focuses on China. We understand the trading relationship.

What I saw in Shanghai recently with the prime minister was a subtle change in his language – I would claim because he's been well advised – and he talked about Australia being a trading nation. That a trading nation from its inception, its wealth and its progress, depends on open and clear trade. And you said that today, sir, open and clear trade. So we are committed, we have mutuality of relationships spanning now 51 years. Many of us have given many, many years of our professional life to this relationship, in many, many different ways. But at its cornerstone, it requires trust and respect. There's a journey ahead of us.

You answered every possible question that this professor could throw at you with absolute aplomb. And I've seen the ambassador come to this university, and, in trying circumstances, stay on message and give us a very, very good insight to the feelings, the directions, the future economics of China, all of which we watch on a daily basis, virtually.

So there was a lot in what you had to say. There'll be great analysis of your speech today, I can guarantee it. Led by ACRI and others, and I know there's other colleagues in the room, so you don't have to read all the reviews, but you will read some of them. This speech will be seen as being a very important moment.

You've been in Canberra. All I can say to you, bless you for that. But we in business think the center of Australia's wealth is generated by people in this city and Melbourne. And I remember Xi Jinping leaving Canberra and going to Tasmania, and with his wife some years ago, to see one of our regular prime ministers. We've had a few more leaders than you, and so these – and he's been to every state in Australia and territory, so you know Australia, we know China. So it's up to us. So thank you very much.

**Mr Liu Jianchao:**

Thank you very much.

**Professor James Laurenceson:**

Thank you, Warwick.

That brings our official event today to a close. Thank you everyone for coming.