

# THE AUSTRALIAN

## Australia pulls into Xi's fast lane -One Belt, One Road China advisory group launches in Melbourne

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A new body will be launched in Melbourne to help Australian businesses click into the multi-billion-dollar Chinese regional strategy “One Belt, One Road”.



Malcolm Broomhead, the chairman of Asciano and Orica and director of BHP Billiton, who will chair the “OBOR” advisory group, told *The Australian* that the invitation for Australian companies to participate came from President Xi Jinping during his visit 18 months ago. It makes a massive difference in China, he said, when such moves come from the top, “showing we are part of their strategic thinking” — even though the maps explaining OBOR don’t feature Australia directly.

The strategy, recreating the ancient Silk Road, aims to drive massive new infrastructure projects to connect China with Europe via Central Asia by land and via Southeast Asia by sea.

The plan to develop northern Australia, through fresh infrastructure, into a major agricultural exporting region, has also been given official Chinese approval as an element of the OBOR program, thus eligible for special investment and funding.

Mr Broomhead said more than 900 projects had already been identified, requiring business inputs ranging from contracting to professional services. Infrastructure is at the core, but many other projects are classified more generally as trade-enhancing.

He said: “What makes this different from just rocking up to China with a proposal and trying to do business there, or with a Chinese company elsewhere, is that the financing has been specifically set aside.”

The Chinese government has established a dedicated \$55 billion New Silk Road Fund, and the new Asian Infrastructure Investment Bank set up by China, in which Australia is a member, is set to deploy a considerable amount of its funding to OBOR projects. The China Development Bank is also expected to provide tens of billions of dollars.

“Approval mechanisms will be made easier because of the imprimatur of Beijing,” Mr Broomhead said.

“It’s an opportunity to get on to tender lists and to gain funding that is only available to certain countries, of which we are one” — boosting the advantages already on offer through the China Australia Free Trade Agreement.

This might involve Australian companies joint-venturing alongside or subcontracting to Chinese corporations assigned to implement vast OBOR projects in western China or elsewhere in Asia, or Chinese firms seeking Australian partners to seize opportunities within Australia.

Mr Broomhead said there was strong Chinese interest in the agricultural and infrastructure opportunities for northern Australian development, with Darwin’s port now operated by Chinese company Landbridge — and in broader prospects elsewhere in the country.

David Olsson, a consultant to law firm King & Wood Mallesons, and an adviser to the Australia One Belt, One Road Initiative, said that “the greatest barrier to more private involvement in public infrastructure is the absence of a credible pipeline of productive, bankable, investment-ready projects offering acceptable risk-adjusted returns”.

“China is leading new thinking around the solutions for these problems,” he said.