

China and US share one goal but two different paths

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Donald Trump and his voters want to Make America Great (again). Xi Jinping and his party want to Make China Great (again).



But within those overarching themes, their economic agendas diverge violently.

Unlike Trump's Fortress USA approach, Xi is pressing on with China's globalisation, signing up to new trade deals, investing and receiving investment, and deepening China's enmeshment with its neighbourhood. The latter route is labelled the Belt and Road Initiative.

It may well seem to outsiders incoherent, imperialistic, and at this stage merely conceptual. And those are just some of the criticisms it cops. But however mind-warping, it won't go away.

It is already a hook on which every Chinese state agency is hanging almost every function and project it can rebadge, in order to seek extra funding.

Australian companies are slowly waking up to the need to stick their hands up to show they are willing to share in the opportunities that are emerging, however intangible as yet. Their most interesting option is to work alongside Chinese companies in third countries.

It all began with China's indisputable main man, President Xi Jinping, and he doesn't let go of his big themes. Some to their cost believed his anti-corruption campaign was a thought-bubble that he would soon enough abandon. But not. It remains as pervasive and as relentless as ever.

Xi started with his Chinese Dream. One of the first dreams he had was of a New Silk Road connecting China with Europe, and linking in the countries along the route, so that all roads lead not to Rome, but to Beijing. An attractive phrase, the New Silk Road, but one that was soon enough jettisoned to make room for a maritime route too, so that no one in the neighbourhood might feel left out, and also to help China take a lead in seaborne trade.

Thus the concept morphed into an "economic belt" by land, and a "maritime silk road" by sea.

This became known as One Belt, One Road — seemingly to pre-empt further belts and roads. Now, the correct parlance has again shifted, to the Belt and Road Initiative.

It has grown. It takes in, for instance, Canberra's ambitious project to transform northern Australia through infrastructure and irrigation into a vast food bowl. A private Chinese firm, Shanghai Zhongfu, has already become the biggest player to take up this project and run with it, in Western Australia's Ord River region.

Recently a group of business leaders visited Beijing to get to grips with what B&R might mean for them — under the aegis of the Australia China OBOR Initiative, which is administered by the high-energy Jean Dong and chaired by Malcolm Broomhead, chairman of Orica and a BHP director.

Andrew Robb, now even more ubiquitous since he left politics, co-chaired the encounter in China with Lai Xiaomin, chairman of China Huarong, the country's biggest financial asset management company. Huarong started life 17 years ago as the "bad bank" for the vast Industrial and Commercial Bank of China, charged with massaging its bad debts, and has since branched out in several profitable directions.

Australian firms have been late to identify opportunities in China in the past, with few investing or opening offices there even today, let alone deploying their top managerial talent there as many American and European firms do.

But with B&R, they have taken a little lead, becoming the first private sector group to come to Beijing to chase up openings. Broomhead told *The Australian* that "we understand the vision".

"China invests in infrastructure and trade along the old Silk Road routes, and thus builds relationships with its neighbours all the way to the Mediterranean, with a route

also extending to Australia and its neighbours to the south. “We can’t be late to this party.”

Broomhead said Australian funding institutions and infrastructure experts had valuable experience to share from their engagement with public private partnerships. The recent B&R delegation included executives from Worley Parsons, ANZ, Macquarie Bank, Commonwealth Bank, NAB, Minter Ellison, King & Wood Mallesons, Moelis, and Norman Disney & Young.

The large cast of Chinese executives who joined them included Ye Cheng, the chairman of Landbridge Group which bought Darwin Port, and Xu Niansha, the chair of the massive Poly Group.

Two more B&R delegations to China are being planned, for health and aged care and education in May and for agriculture in October.

Robb says the principles are being established at the global level — also incorporating the Asian Infrastructure Investment Bank — while priorities are set - locally. On China’s side, funding considerations take into account the Five Year Plan to 2020. The aim is not to interfere with countries’ sovereignty, Robb says, but to improve capabilities to implement their development goals. At the initial talks with Chinese counterparts, the Australian firms listed areas in which they could add value including infrastructure, financing, health, education, agriculture and aged care.

He anticipated that Australian and Chinese companies would forge closer ties by working together in each others’ countries before seeking to operate together through the B&R region.

A crucial driver for B&R is to provide the capacity, through the involvement of the Chinese state in various forms or through institutions such as the AIIB, to help de-risk projects which private capital would balk at otherwise.

Those third countries include many in which Australian companies already have considerable experience, and in which governments would relish seeing Australian firms working within a joint venture to run a project that would otherwise appear as yet another purely Chinese thrust.

The message received by the Australians in Beijing was that many Chinese companies are not merely open to Australian participation — they want it.