



Get on board 'Belt and Road' plan



The 'Golden Bridge of Silk Road' built at the BRI summit venue near Beijing last year

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This week in Darwin the Australia China Business Council is hosting a major conference entitled “One Belt One Road in Australia — everything you need to know”.

As a city at the southern end of the Maritime Silk Road component of the Belt and Road Initiative, Darwin is Australia's geographical point of contact with the largest infrastructure development initiative since the Marshall Plan. Accordingly, the ACBC believes it is vital for Australia and northern Australia in particular to know more about BRI — how it will work, its likely impact in our region and what opportunities and benefits there might be for Australian businesses.

The timing of our conference couldn't be better. It's no secret that the Australia-China relationship is going through a difficult period at present. While our economic relationship remains strong at this point, the challenges in the government-to-government relationship are causing some anxiety in the business community. So finding a way to build more common ground between Australia and China is therefore a critical priority.

One thing we could do that would benefit Australia and begin to repair the relationship would be to get on board with the Belt and Road Initiative. BRI is China's massive effort to improve and increase trade and economic activity along six land corridors and a maritime route through Asia and Europe.

It's an infrastructure building initiative of unprecedented size and scale. It crosses three continents, and directly involves 68 countries containing more than 60 per cent of the world's population. The area covered by BRI is currently responsible for about a third of the world's economic output, and the very existence of BRI is likely to increase that share in the future. Eventually, it is estimated that a quarter of the global goods trade will go via the “New Silk Road”.





BRI is about better access for China to existing markets, and access to new ones. It's about building an outlet for China's industrial overcapacity and ensuring that the shift of more than half a billion Chinese people so far from abject poverty to relative wellbeing can continue.

BRI is also about furthering the internationalisation of the renminbi, or the yuan, which is gathering pace every day.

The Australian government has decided not to sign up to BRI at this point in time. This doesn't mean the government is opposed to BRI — in fact Trade Minister Steven Ciobo has been very positive in his comments about BRI.

It also doesn't mean Australian companies can't compete for work. The construction phase, which is already well under way in many countries, offers opportunities including straight construction work, services provision from food to financial services, digital support, HR, labour hire, education and more, as well as investment opportunities through partnership with Chinese investors and investment instruments such as the Silk Road Fund.

But at the ACBC, we believe there would be tangible and additional benefits for Australia and Australian businesses if the government agreed to a more formal relationship with BRI. We believe this for four reasons.

First, it would send a signal that we are ready and willing to engage in an Asia that is increasingly a world centre not only of growth but of innovation. It would also demonstrate that we welcome China's efforts to connect economies at a time when some developed nations (notably the US) are heading in a protectionist direction.

Secondly, better infrastructure connecting Asia and Europe will benefit Australia. The Asian Development Bank has estimated \$1.7 trillion of investment is required each year until at least 2030 to address Asia's infrastructure gap. As China and other Asian countries continue to grow, new untapped markets will open up for Australian products and services — if we can get them there. Do we really want to turn down the opportunity, however small, to shape BRI to reflect Australian interests?

Thirdly, the digital aspects of BRI will drive massive efficiencies across most industries. In the BRI digital network, every item on the New Silk Road will be traceable to an unprecedented degree, with enormous efficiency gains, while blockchain verification will lead to faster settlement times and fewer delays. Further, Big Data created within BRI's digital ecosystem will allow for increasingly sophisticated analyses of markets, systems and logistics. All of this should mean faster shipping times, with lower costs, fewer mistakes, and more finely-grained market intelligence available. This can only benefit Australian businesses.

Finally, Australia needs foreign investment. As the world's largest economy and a nation of savers with \$US3 trillion in foreign reserves, China is an important source of FDI, and the BRI label on a project is a powerful way to attract it.

At our conference tomorrow and Wednesday there will be high-level speakers and panellists from Australia, China and the region. We hope the conference will drive better understanding of BRI and confirm that for Australia, the BRI numbers really do add up.

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