

**THE HONOURABLE JOHN BRUMBY  
NATIONAL PRESIDENT  
AUSTRALIA CHINA BUSINESS COUNCIL (ACBC)**

**SPEAKING NOTES**

**AT**

**THE AUSTRALIA CHINA BUSINESS COUNCIL (ACBC) QLD BRANCH  
CHINESE NEW YEAR EVENT**

**ON**

**WEDNESDAY 11 FEBRUARY 2015**

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Consul General, Distinguished Guests, Sponsors, Ladies & Gentlemen

At the outset, can I thank ACBC QLD President, Steve Abbott, for his generous introduction. I have always been passionate about the China-Australia relationship and I welcome the opportunity to speak tonight, with a particular focus on opportunities for Queensland. Can I also acknowledge the great work that Steve, Nussara and the State branch do here in Queensland. They have overseen remarkable growth in membership and positioned ACBC as the premier Australia-China business organisation.

As we come to celebrate the new year we can agree, I think, that there has never been a more exciting time in Australia-China relations.

I say this because in just the last few months we've seen:

- The hugely successful visit of President Xi Jinping to Australia in November last year;
- The announcement during that visit of the successful completion of negotiations for the China Australia Free Trade Agreement;
- Just over two weeks ago the Trade Minister, Andrew Robb, announced a new air services agreement between Australia and China, lifting the cap on inbound flights by an immediate 18 per cent – and dramatically increasing opportunities for business travel and tourism in the medium and longer term.

And if anyone ever doubted the strength of the Australia-China relationship or the sheer size and scale of the Chinese economy, it's worth noting that the recent Australia-China Asian Cup game played here in Brisbane attracted the largest TV

audience for a football match in China in recent years, with an audience of more than 27 million viewers!

More generally, last month Zhong Shan, Chinese Vice Minister for Commerce, announced that China's outbound investment topped US\$100 billion for the first time last year – and that it will soon outpace their inbound investment. This is an historic tipping point in global investment flows;

- And on top of all that China is now, on every measure, the world's largest economy.

The Nobel Prize-winning economist Joseph Stiglitz recently wrote an article in Vanity Fair entitled 'The Chinese Century'. In it he wrote:

*“When the history of 2014 is written, it will take note of a large fact that has received little attention: 2014 was the last year in which the United States could claim to be the world's largest economic power. China enters 2015 in the top position, where it will likely remain for a long time, if not forever. In doing so, it returns to the position it held through most of human history.”*

So it's an exciting time for China, for Australia, and for the world.

But if we take all of that, and then consider the fact that less than 10 per cent of Australian businesses do business with China ...

... we can see that the work of the Australia China Business Council is more important than ever.

In my last four years working in business, and 11 years before that in government, my experience has been that many businesses still underestimate the speed, the extent, and the impact of China's economic transformation.

Too many Australians still see China as not much more than a demand sink for our resources, or the world's cheap manufacturer.

It's our job at ACBC to change that.

To point out, for example, that China is now the world's second largest investor in Research and Development – second only to the US – and that China's R&D investment has been growing on average by 20 per cent per annum since 1999.

The reason for this is simple: China is acutely aware of the so-called middle income trap, where developing countries can be caught if they stall in terms of productivity growth.

The only way out of the trap is R&D – and the fact that China recognises this presents a fantastic opportunity for Australia to form commercial and academic partnerships with the sector. Last year, for example, CSIRO signed more new scientific agreements with China than any other country.

And that brings me to ChAFTA. At our January meeting, the National Board was briefed by the Deputy Secretary of DFAT and the CEO of Austrade on what ChAFTA means for Australian businesses.

My message tonight is that ChAFTA opens up a range of new opportunities in many areas, including:

**In food and agriculture**, for example, there is significant growth potential, as e-commerce opens the way for smaller business to export to multiple destinations, and Chinese appetite for our food shows no sign of diminishing.

**Health services** now rank as one of the most profitable sectors in the global economy – and Australia has something to offer throughout the health care value chain – from R&D, to training, aged care, hospital and care facility construction and administration, medical devices, and distance and e-medicine.

In **education**, the story is the same. The ChAFTA means our educational institutions will have more opportunities to set up in China, to build their brand and network.

All CRICOS-registered Australian higher education providers will be listed on the Chinese Ministry of Education's website.

Also, we expect memoranda of understanding to be agreed regarding improved mutual higher education qualification recognition; and enhanced mobility of students, researchers and academics at the school, tertiary and research levels. Last year, China graduated seven million university students. Many of these students would love to study in Australia.

And then of course there is **tourism** – and all of the upside for Australia through our lower dollar and the revised air services agreement, which will mean more flights and more tourists. In the new year period alone, China Southern will be bringing in seven extra charter flights to Queensland.

In all of these areas – food, health, education, R&D and tourism – Brand Australia is highly recognised in China.

And all of these areas are particular Queensland strengths:

- China is Queensland's largest source of international students;
- China is Queensland's fastest growing inbound tourism market;

- China is also Queensland's second largest source of proposed foreign investment behind the US.

And when you couple all of this with the internal economic reforms currently underway in China to promote more competition, allow more foreign investment in the stock market, and make it much simpler to get new business registration ... it really is a time of great opportunity.

So in this context, ACBC has a big year planned:

- We'll be partnering with governments to help businesses understand and utilise the ChAFTA, with a series of roadshows and sector specific events across Australia;
- We'll be working more closely with the Australian Chambers in China – and we'll be making an important announcement in the near future about this;
- We have a growing calendar of events, with 100 plus forums, seminars, roundtables and briefings, kicking off with a series of Chinese New Year celebrations.;
- Our Canberra Networking Day on 25 March will provide opportunities for members to meet policy makers and take part in the launch of our Australia-China Trade Report;
- In 2015, in Queensland and in other States, the ACBC will partner with DFAT and Austrade experts on a series of ChAFTA briefings and panels;
- And of course a continuing task will be to make the argument for more Chinese FDI into Australia – this will be very important as we transition the economy from a resources to a services base.

With all of this going on, I encourage you to talk to Steve Abbott and Nussara Smith at the Queensland ACBC about membership and sponsorship opportunities.

You'll be able to tap into our network not only here in Queensland, but throughout Australia ...

... and of course in China: the world's largest economy, a growing innovation powerhouse, and place of enormous opportunity in this incredible 'Chinese Century'.

Thank you.