

THE AUSTRALIA-CHINA CHAMBER OF COMMERCE AND INDUSTRY OF NEW SOUTH WALES

Established in 1976

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CHAMBER SUSPENDED ALL MAJOR ON-GOING PROJECTS IN THIRD WEEK OF NOVEMBER 2008

In the week beginning Monday 17th November on behalf of ACCCI, and after wide consultations with Member companies, Friendly organisations and unofficial Advisors not only in Australia and China but also in the USA, EU and Japan, and recognising the new and very serious financial and time constraints on Board members and the extended Executive officials of Chamber, I made and implemented the decision to immediately suspend all major on-going projects of ACCCI arising from my first election as President on 17th November 1989. The estimated value of those projects was approximately US\$100 million.

No public announcement was made over the last seven weeks because Chamber accepted the argument that circumstances could change in China. However this has not been the case and in fact the economic and social situation has worsened in all relevant countries.

Historically the Chamber has navigated at least 4 periods, the last having now concluded.

The first period spanned the years of foundation from 1974 to 1979 as China moved beyond the Cultural Revolution 1966/76.

The second lasted from the launch of Open Door Policies in December 1978 until Tiananmen Square in June 1989.

The third covered the years from the end of western trade sanctions to China's membership of the WTO in 2002.

Finally the fourth lasted until the Global Financial Crisis, culminating in what is reported to be a severe economic slump in the US beginning in late 2008 with its worldwide ramifications.

With the political crisis of leadership in China starting in 1987 many 'old hands' of China Trade retired and a great number of business people incurred serious financial losses with the advent of western trade sanctions lasting until about 1993/94. During those years ACCCI, anticipating that our limited company membership throughout Australia and New Zealand could not sustain the goals and strategies already envisaged, embarked on new projects funded directly by supportive companies initially in ANZ and China but later extending to other countries such as the US, EU and Japan. The Chamber Executive was reorganised from time to time, given ever changing circumstances and opportunities, provided the leadership free of charge and often funded the projects individually.



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The Chamber's two principal committees of the 1980s, the International Committee pioneered by former President Reg Torrington, and the Cultural Committee led by former Senior Vice President Roy Dissmeyer, became the Trade Policy Committee under John Taylor and then John Zerby whilst the Cultural Committee was inspired by Bo Liu and subsequently Marilyn Walker during the early 1990s. The Commercial Committee was established under the leadership of former ACCCI General Secretary Laurie Smith in 1991 and the Public Affairs Committee when Marilyn Walker became second Vice President to Senior Vice President John Zerby in 1996. Background information can be found in my speech launching the ACCCI website in September 2001

Marilyn Walker became Senior Vice President in 2002 and a little later Helen Qiao assumed the resurrected position of ACCCI General Secretary. Together with 1976 foundation ACCCI second Vice President and Board member Richard Liu, and John Wang, Chair ACCCI China Liaison Committee and Lin Kun, ACCCI Chief Representative Beijing, these executive members organised and lead the many official and unofficial trade delegations to China during the five years 2002/2006 wherein virtually every province and major city was visited. A similar team led by William Li, Judd Webber, Tony Pun and others in business and local government organised and received Chinese delegations to Australia from every province across almost all industries and sectors of the Chinese and Australian Economies.

In almost the dying breaths of Reg Torrington and Greg Burns, respectively Chair and Deputy Chair of the ACCCI Life Governors 1996/2005, they warned of the serious 'irregularities' in the US Economy following the Dot-com bubble crash (March 2000 to October 2002) counselling that Chamber should not over-extend itself in terms of its guarantees for projects to various arms of the Chinese and Australian provincial/state governments in particular. As a result from 2006 ACCCI started to disengage from direct financial responsibility for projects, making them self-funding by supporting companies at arms length. Many visits were made to the US and EU including my own through 2004/2008. Indeed in being briefed by 'senior' campaign officials for McCain and Giuliani in Washington USA in November 2007 there seemed to be little/no recognition/understanding of the weaknesses in the US Economy or its global connections to Europe, Japan, China or the world. When the final financial crisis broke in mid October 2008 I was in Italy and the European feelings of betrayal by President Bush were very obvious.

A major regret for the Howard Years 1996/2007 was the lack of genuine support rather than just rhetoric for Chamber's Second Track Diplomacy between Municipal Government in China and Local Government in Australia, although it must be recognised that in New Zealand the Clarke government was far more assertive and successful. The opportunities for Human Rights projects were essentially missed in terms of public support, whilst the institutionalisation of 'Australia' Committees in Chinese cities and ACCCI 'Chapters' in Local Government through the ACCCI Key Cities Strategy as it evolved was always an uphill struggle. Essentially ANZ business is SME and to be really competitive programmes akin to the Chamber's Key Cities Strategy with the support of our Policy Committees, Annual Workshops and Forums and Special Projects are necessary. Hopefully when economic stability returns, most likely in the years 2010/15, a younger generation of Chamber leadership will again take up the challenge.

9/11 changed the world but in ways unexpected at the time. It effectively destroyed the US Republican Presidency of George Bush not to mention Blair in the UK and Howard in Australia. Like Vietnam 40 years previously in 1962, decisions then taken became the basis for a moral decay that inevitably led to general public repudiation. Whilst Chamber as a predominantly business organisation has to work effectively with all political organisations, I made the Chamber's position clear in my Wuhan 2002 Australia Day Speech published immediately on the ACCCI Website. It is pleasing to witness that since the election of the



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Rudd Federal Government at the end of 2007 most of the ACCCI policy positions have been adopted through reports and inquiries as also outlined. Throughout 2008 ACCCI was of the view that nothing substantial could be achieved until the election of a Democrat President in the US which of course meant the early implementation of new policies through 2009/12. Now this may well not be possible during Obama's first term as the US President. Who knows where Australia-China Economic Relations will be in 2013/16, if that is the earliest period for new policies to be implemented.

In November 1989 the 'elders' of the Chamber organised my election as the third President since 1976. There was a general belief that Political and Economic Relations between China and the world, particularly the USA and therefore Australia, would not be repaired for at least a decade or more and hence a younger man needed to be the spokesman/leader for ACCCI. However the Hawke and Keating Federal Governments played very significant roles through the newly formed APEC body in convincing the Bush Snr and Clinton US Administrations of more diplomatic strategies towards China. Thus a degree of normal relations returned during the early to mid 1990s. However I do not believe, and I hope I am wrong, that the current global situation will be overcome that quickly. Indeed I think the economic and social impacts on Australia may be much greater than the Federal Government and Opposition understand/admit.

Therefore my role, and that of the present ACCCI Board and its extended Executive members, is to prepare a new generation of 'China Hands' or business men and women who understand the nature of Chinese society under its current Communist Party leadership. University degrees and language classes do not prepare you for China – necessary but not sufficient as the saying goes. Reading the Australian Press, or rather the global 'propaganda machines', makes traders basically useless when it comes to intellectually comprehending China. There is obviously no substitute for on the ground experience with the Chinese people and preferably in addition well away from Beijing, Shanghai, Guangzhou, Hong Kong or Taipei.

In this context over the next 12/24 months Chamber will concentrate on policy matters with direct or significant business/trade implications. Current or future projects associated with the ACCCI name will have to be guaranteed by company participants directly. Commitments of a long standing nature will be honoured in the best way possible given the financial circumstances arising throughout 2009 and the years beyond. The Chamber's Internet site will be maintained with short commentaries on recent events and with links to more complete information on topics of traditional interest, such as the general concern since the mid-1990s that educational standards in Australia in relation to knowledge and understanding of China, and East Asia generally, have deteriorated. The site will also be used to examine newly acquired interests of Members, such as the impact of the Global Financial Crisis on China and East Asia and on any indication that trade barriers are being erected as a protectionist reaction to the global economic downturn.

Michael C.H. Jones
President



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