

Submissions – The Australia in the Asian Century Task Force PO Box 6500 Canberra ACT 2600

Dear Sirs

On the 28th September 2011 Prime Minister Julia Gillard commissioned your White Paper on Australia in the Asian Century

In the same week in a backgrounder contribution Minister for Trade Craig Emerson wrote:

http://trademinister.gov.au/releases/2011/ce_mr_111001.html

"With the global centre of economic gravity shifting towards Asia, the world's emerging and developing economies now hold two-thirds of all official foreign exchange reserves, a reversal of the pattern of a decade ago when the developed world held two-thirds of reserves. By 2025 the emerging and developing world will be a net foreign investor and developed countries net foreign borrowers. A great competition of the 21st Century will be among developed countries seeking to attract foreign investment from emerging and developing countries, mainly big Asian economies such as China and India".

Further he asserted:

"Australia's four big economic challenges are:

- Managing the mining boom;
- Reducing carbon emissions;
- Dealing with the ageing of the population; and
- Revitalising weak productivity growth".

And again that Australia was entering a third-phase reform process with nine priorities:

"The Government has embarked upon a third phase of economic reform to build on the first and second phases of reform implemented by the Hawke and Keating governments. The third-phase reform program has nine priorities:

- Fiscal consolidation;
- Relieving skill shortages and nurturing creative talent;
- Easing infrastructure constraints;
- Putting a price on carbon;
- Creating a seamless national economy;
- Improving the efficiency of social service provision;
- National health reform;
- Revamping trade policy; and
- Tax reform.

The Labor government has made a start on all of these priorities and achieved solid progress on many of them".

Obviously these domestic reforms can only be achieved in the context of global opportunities and constraints. For example as impacted by the WTO which cites its on-going relations with over 200 other international organisations. One of these is the World Bank and its myriad of

Reports such as within the last week on China where its Executive Summary pp xvii states that China's Sixth Priority Reform area should be to:

"seek mutually beneficial relations with the world by becoming a pro-active stakeholder in the global economy, actively using multilateral institutions and frameworks, and shaping the global governance agenda"

<http://www.worldbank.org/content/dam/Worldbank/document/China-2030-complete.pdf>

With this in mind I wish to make some brief comments on the Terms of Reference, Issues Paper, Other Submissions and Consultation.

A) Terms of Reference

In your terms of reference first sentence you state: "The greatest influence on the future prosperity of Australia is the dramatic shift of economic power and, as a result, strategic weight to Asia". And then in the third paragraph: "We are a decade into the Asian Century". However we still cannot agree on a definition of Asia?

In the Scope section you state the paper will consider: "the current and likely future course of economic, political and strategic change in Asia, encompassing China, India, the key ASEAN countries as well as Japan and the Republic of Korea" and later in the body below Chart 1:

"Western economies are defined as: Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Sweden, Switzerland, the UK and the US. Asian economies are defined as: Bangladesh, China, Hong Kong, India, Indonesia, Japan, Republic of Korea, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam".

My point is that for many years India was excluded from Asia in many people's thinking, it was the Asia-Pacific for membership of APEC as an example. Now it appears that Asia is defined as Pakistan to Japan and the whole of West Asia as cited for years by various global Think Tanks such as Lowy in Australia and by the ACCCI is disenfranchised.

Your definition may include the protagonists in the India-China border dispute but certainly not those countries in Central Asia impacted by it or the geo-strategic economic developments in the Shanghai Cooperation Organisation countries including Russia which does have a Pacific Ocean maritime zone.

G20 Monitor -

<http://www.accci.com.au/G20.htm#india>

Global Economic Relations -

Alicia Kizekova, "The Shanghai Cooperation Organisation: Challenges in Cyberspace – Analysis", Eurasian Review, 27 February 2012. Available at:

http://www.eurasiareview.com/27022012-the-shanghai-cooperation-organisation-challenges-in-cyberspace-analysis/?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+eurasiareview%2FVsnE+%28Eurasia+Review%29.

Similarly the events and circumstances of West Asia beyond Pakistan are of great significance for India. Moreover I would have thought the US debacles in Iraq and Afghanistan, and coming "face-off" with both Iran and Israel would be considered of vital importance for Australia certainly if we end up in another air/sea/land war in Asia. Finally whilst the region has historically been classified by the EU and US as Near East or Middle East from Australia's perspective it is still West Asia and the fact that Saudi Arabia is a member country of the G20 makes it vital.

If you read the overseas literature you will understand the rapid growth and political/economic strength of the New Silk Route between China and the countries of West Asia, thereby making it impossible for Australia to maintain self-serving mindframes/delusions about geography. Tunnel vision has no place in White Papers.

B) Issues Paper

In the section What is the Purpose of the White Paper it states: "provide a blueprint to navigate the Asian Century – a period of transformative economic, political, strategic and social change". Given the rapidity of change globally and not only in Asia the idea of a "blueprint" is fanciful certainly with the number of foreign ministers and other ministerial changes Australia has suffered in recent years under the current government.

If we are to adopt the Keating concept of "engagement" surely it means more than making money out of Asia which seems to be inherent in your last paragraph:

"The White Paper will be complemented by other government reviews recently completed, such as the update to the National Long-term Tourism Strategy; processes currently underway, such as those relating to the International Education Advisory Council, the Prime Minister's Task Force on Manufacturing and the Cyber White Paper; and future scheduled reviews, such as the next Defence White Paper."

Engagement should cover the gamut of relations and ultimately lead to a multicultural integration of the region in a globalist society, be that decades or centuries in the future. For the time being the Australian "blueprint" if there is to be one should be about influencing the elites or opinion leaders in the countries of Asia - for example ABC News rather than BBC News and a massive billion dollars cultural campaign to make Australians more Asia "sensitive. That should be the focus of analysis and policy discussion.

No one can predict "the defining elements of the 'Asian Century'?" over the next 90 years. Just look back barely 45 years - the Liberal Party won a federal election in 1966 with literature showing a large red arrow advancing up Port Jackson with possibly Mao himself leading it, fresh from his swim across the Yangtze !! Prime Minister Holt was recognising Taiwan, or the Republic of China on Taiwan, as the legitimate government of China. The Cultural Revolution was blazing across the country, arguably as many citizens relocated to rural villages as have recently in a similar ten years become urbanised. Deng Xiao-ping and most of China's leaders over the last 30 years as well as those about to become the 5th leadership group had experience of those times. Similar analogies, if not so brutal and absurd, can be made for countries in ASEAN. West Asia is unpredictable in 2012 let alone for the rest of the century.

What may be predictable is the clash of concepts of democracy and how western precedents, mostly followed slavishly by Australian governments, may come back to bite us - the chickens so to speak. It is only a matter of time before the major "players" China and India, and perhaps

others such as Japan, Indonesia and Iran and even Australia begin to act unilaterally in all sorts of ways "economic, political, strategic ". However I believe the "social dimensions" are where governance will be seriously challenged especially within the confines of the Nation State. The ICC and the 'Responsibility to Protect' are just the opening shots for a global society with Asia as a major part - again it is debatable whether this is "new and different" historically.

In this context Chamber has been a strong and persistent supporter of dramatically upgrading and repositioning the resources of the Australian Department of Foreign Affairs and Trade re in the Speeches and Media Releases section of the ACCCI Website:

Media Release 18 March 2009: ACCCI Applauds Lowy Institute Blue Ribbon Panel Report entitled: "Australia's Diplomatic Deficit – Reinvesting in Our Instruments of International Policy".

The on-the-ground resources, recruitment and training programmes, monitoring and coordination of other levels of governance representation overseas re Federal, State, City/Local as well as NGO, need thorough review. Speaking frankly as someone who has traveled the continents with political meetings everywhere, and addressed forums in over 50 cities in China, I can say that in my opinion Australia's intelligence is lousy. For example the roles, strategies and procedures of the Chinese Communist Party in Australia, let alone throughout Asia and the world, is simply not known. This may well be the case with other elites. Relying on traditional sources is now positively dangerous for the interests of this country.

The Chamber is favourably impressed by the methodology of your two sections re Discussion Points:

a) The Asian Century - What is happening in Asia?

- i) economic development
- ii) trade in goods and services
- iii) investment flows
- iv) social developments
- v) industrial structure and possible constraints
- vi) political and strategic issues
- vii) country snapshots - Japan, Korea, China, India, Indonesia, other Southeast Asian countries

b) What does the Asian century mean for Australia?

- i) economic opportunities and challenges for Australia
- ii) political and strategic implications for Australia
- iii) social, cultural and intellectual engagement for Australia

This is a significant improvement on past tunnel vision Australia centric approaches.

Chamber would like the opportunity to respond in detail but that requires either the commissioning of a professional consultancy company to write the submission or adequate notice of a formal meeting with proper time for consultation. I simply for now draw your attention to the various Headings of the ACCCI Homepage re our areas of approach, and subsequently the various sections covering our Monitors, Indauspac(s), Policy Committees, Special Projects, WCEC etc.

Collectively Chamber Executive Committee members have a breadth and depth of experience seldom matched by voluntary NGO in this country and perhaps elsewhere.

C) Other Submissions

These submissions collectively are important because they indicate the community interest in the White Paper and the quality of the thinking by both government bodies and non-government organisations.

As of this evening 4th March 2012 approaching the deadline time for Submissions there were 122, 10 submitted prior to 2nd February and the others by 1st March 2012.

Business:

There appeared to be only three business groups namely Business Council of Australia, KPMG and Australian Chamber of Commerce and Industry with the additional companies Cisco Systems and Insurance Australia Group. Whilst various business people may have made individual submissions this is not a good look and indicates disinterest which be could because of a range of reasons including too many government inquiries.

The Business Council of Australia is to be congratulated in presenting a substantial submission of about 111 pages, it has treated the process seriously by commissioning a report from ITS Global entitled "Assessing Australia's Trade and Investment with Asia". It was not possible to digest and analyse this report in several hours on a Sunday evening.

KPMG under the auspices of Doug Ferguson, Partner in Charge - China Practice, with two senior executives from Agribusiness and Consumer Markets has made a 16 page submission dealing with food security. As a non-expert in this industry the submission reads well and covers what I consider to be the relevant issues.

The Australian Chamber of Commerce and Industry provided a 20 page submission with extra pages of standard self-promotion and a little of the political manifesto. However the key phrase for me was on page iv in Executive Summary "Australian cannot continue to have an insular view of itself". Moreover ACCCI would endorse the second paragraph of page 1 re the White Paper should really be titled "Australia in the Global Century". The reasons are only implicitly stated by ACCCI and not spelt out emphatically, namely that the parts of the whole can no longer be separated. Australia's relationship to Asia no matter how it is defined can only be analysed in terms of Asia's relations to the rest of the world. This submission also deals with food security issues.

Think Tanks:

One of the oldest might be considered the AIIA - Australian Institute of International Affairs - which is a national body and made a 11 page submission. The AIIA proclaims that it "provides a forum for discussion and debate but does not seek to formulate its own institutional views" and "was ranked in the top ten think tanks in Asia in the 2011 Global Go to Think Tank Index". If this is the case then pity help the other Think Tanks in Asia and Australia because on the whole their submission is terrible. The only thing I can say, because I know many on their National Executive, is that they have not taken the White Paper seriously and therefore done themselves and Australia a great injustice. Hash words but sometimes things need to be said. They may, and are, doing productive things in the international market place but the government's Australia

in Asia White Paper is serious business and should be treated as such. Their recommendations are 'motherhood' and said many times over recent years, they do not say HOW to accomplish them. For example AIIA says it "is concerned by the deterioration in Asian language learning within both the school and university systems in Australia", yet says nothing substantial about how to change this trend re boosting student numbers expeditiously.

Universities:

None of the major universities seem to have made submissions, in Sydney no Sydney, NSW, Macquarie, UTS and UWS. China 'Old hand' David Goodman is there in his individual capacity.

However Universities Australia, the peak national body representing the interests of 39 Australian universities, "strongly supports the development of a unified Asian engagement strategy" and cites \$17 billion in export dollars and 120, 000 FTE jobs. Understandably its short six pages is a quality control and revenue driven submission expounding the extra benefits for Australia from education services. In my view it could have been much better.

The School of Mechanical and Chemical Engineering at the University of Western Australia has made an interesting 25 page submission by James Trevelyan which I do not have the capability to evaluate. It seems academically woolly to me but there may be some good ideas there.

Government and Government funded bodies:

Again the usual 'big hitters' are missing, perhaps they will come late in the next hour like that of ACCCI. I would have expected submissions from DFAT, Austrade and the various State bureaucracies such as NSW Trade and Investment.

Moreover most major federal and state departments, even the large cities re Sydney, Brisbane and Perth, now have their own representatives in Asia - their contributions are important. Melbourne City did make a submission.

The City of Melbourne and Asia New Zealand Foundation submissions are very important and should be factored into thinking on Asia and mechanisms for deepening relations.

Australia-China Council - its 14 page submission/three recommendations is essentially a plea to be given more influence/power and money, justifiably in my view. Nevertheless you would expect, given their Board members, that some quality insights would be made especially with regard to NGO diplomacy - and they are. A submission well worth reading.

I do not have the background to evaluate the submissions from the Indonesia, Malaysia and Thailand Institutes, just to say they have made submissions as you would expect. A number of others should have.

My apologies for not reading/commenting, positive or negative, on other submissions but Chamber is a voluntary non-profit with all the associated difficulties.

D) Consultation

It is interesting that Chamber during my 23 years Presidency has never been invited to attend a Consultation despite the range of our activities that were covered by countless Federal and State Inquiries. That may suggest that either ACCCI or its company members have been wasting their time over the last 36 years or simply that as a NGO we are not relevant?

The one Inquiry to which we did agree to give evidence in 2005 - on corruption in Australia China Relations - was ended on the morning that we traveled to Canberra. Nevertheless Chamber has maintained its interest on the ACCCI Website Homepage with a Corruption in Australia section.

I trust these comments are accepted in the way they are meant - as a constructive contribution to raising some of the more unsavoury and discomfoting perspectives and issues in Australia's body politic.

ACCCI looks forward to your White Paper.

Michael C H Jones
President - ACCCI