

China-Australia Chamber of Commerce  
Beijing

# Foreign Policy White Paper Submission 2017

## About AustCham

The China-Australia Chamber of Commerce, headquartered in Beijing (CACC) is focussed on strengthening Australia-China business, government and community relationships and AustCham member interests in China, by being an effective source of information, connections and representation.

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# Foreword

Thank you for the opportunity to provide a submission on behalf of the China-Australia Chamber of Commerce in Beijing (CACC – AustCham’s, South China, West China and Bohai). CACC is the official and only Australian Chamber of Commerce registered on the mainland of the People’s Republic of China, domiciled in Beijing and registered by the Ministry of Civil Affairs. Under this registration sit sister Chambers in South China, West China, and Bohai.

CACC positions itself to advance the broader China-Australia business relationship through representation of approximately 350 members from cities across the mainland including Beijing, Tianjin, Guangzhou, Shenzhen, Chengdu, Chongqing, Qingdao, Dalian and Shenyang.

CACC aims to strengthen Australia-China business, government and community relationships and CACC member interests by being an effective source of information, connections and representation. It is a leading source of support for Australian companies in China and provides an invaluable networking environment for Australia-China business.

CACC believes it is imperative that the Australian Government engages Australian business on-the-ground in China in order to maximize opportunities for Australian business in China and take advantage of opportunities in the Chinese economy into the future.

We welcome and encourage future consultation with the Beijing and broader greater China business community in shaping of the Department of Foreign Affairs and Trade Foreign Policy White Paper.

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## China-Australia Business Environment

### The Digital Era

Australia has significant experience doing business with China through traditional methods and industries. However, it is inadequate to rest on strong historical links and strengths when preparing to support Australian business into the future.

China's rapid digitisation, has created a new consumption-led digital age where we can expect continued unprecedented and large-scale change. The Chinese market is now highly connected, and globally minded.

Australian businesses will need to be competitive and capable on a global scale. The digital era has once and for all transformed the business environment, and Australia must re-engineer the way it approaches its China strategy as it sees many of the old nuances disappear.

In the global, highly competitive market place, Australian businesses are unlikely in the long run to be offered any special preferential linear treatment. We need to employ frameworks that enable Australian business to be alert to the digital shift and its impact.

We acknowledge the tremendous work done by all involved in delivering the China-Australia Free Trade Agreement (ChAFTA), however this is not guaranteed to be a long lasting comparative advantage.

### New Centres of Business DNA

Increasing cost pressures and competition are already impacting the feasibility of maintaining business in major metropolitan centres. Over the last twenty years the China-Australia business relationship has largely focussed on clusters of business activity across Beijing, Shanghai and Guangzhou.

The fast-changing business environment in China will see more and more businesses expanding and setting up operations in second, third and fourth tier cities. The emerging new centres of business DNA in China, means that the traditional commercial centres can no longer be used as the only point of reference.

We must be proactive in building relationships with Chinese businesses and local government, by establishing a presence and network to effectively support business in emerging regions now. CACC can play an important role in establishing that very presence.

## Positioning Australia to Take Advantage of Opportunities in the Chinese Economy

### Information Gathering and Communication

In order to position itself to take advantage of future opportunities in the Chinese economy, Australia needs to become better and more capable of assessing the changing China environment, including the opportunities and challenges. The information gathering channels need to be adaptable, dynamic and factually accurate.

Australia's approach to China requires a shift away from reliance on hearsay, opinion, stereotypes and the multiple informal strategies employed in the past to gain a picture of the changing landscape. Australia demands critical, qualitative and quantitative assessment of the business environment to support transformative forecasting.

This necessitates an upgrade in the way information is gathered and the flow of communication between all entities involved in the China-Australia space. Government and major corporates can assist by improving the quality, frequency and mode of information. Chambers can play a key role in coordinating the exchanges involved.

CACC expects to play an important role in informing government, and will do its part to strengthen information flow and quality.

The Chamber has already started, by working with industry groups in Australia, in establishing a **2017 Business in China Survey**, which will obtain information on the China business climate from up to six hundred respondents doing business in China.

We have achieved this without any external Government funding through our network of support from corporates and educational institutions including Millward Brown and the University of Melbourne.

Australia's positioning should be one of global preparedness, as opposed to linearly or bilaterally focussed, to ensure our businesses are digitally savvy, capable and competitive.

## Foreign Chambers of Commerce in China

### National Licence Capability

As the only registered Australian Chamber of Commerce in China, CACC and its sister Chambers in South China, West China and Bohai are in a unique position to play a key role in the exchange of information, relationship and network building required to establish a cohesive and clear national framework on-the-ground in China.

In China, the registered Australian Chamber of Commerce is granted un-paralleled access and opportunity to engage local government and business. Only nineteen countries have been granted official Chamber of Commerce status by the People's Republic of China Ministry of Civil Affairs.

Per the Chamber's official licence, its broad mandate is to:

*"Promote China-Australia trade cooperation and development, and provide commercial exchange of services for members."*

This licence is and must continue to be used responsibly to deliver benefit that is not in conflict with the core interests of its members and stakeholders.

As a national organisation CACC has the ability to operate across the Mainland as we seek to empower Australian business in China. CACC's status as Australia's peak business peer group representative necessitates an obligation set by the core regulatory authority in China to act as the nation's vital government and business link.

The Chamber possesses a demonstrated capability of underpinning major projects that support Australian business with Chinese government backing, while strengthening the resources, and capabilities of skilled corporates equitably.

## Government Engagement with the Non-Government Sector

### Clarity of Roles and Policies

There is no doubt that government policy both in the home and host environment, significantly affects commercial activity. It is therefore imperative that government utilises and communicates with non-government entities to build an effective nationwide China approach.

The business community calls for clarity of policies, roles and responsibilities from Government. Government must endeavour to remove confusion. There can be a lack of clarity, especially in the roles of the various State trade promotion bodies and that of the ones operating at a Federal level.

As a non-partisan representative, the Chamber stands apart from individual corporates and government, however, we do work with both government and corporates. Our vision as a Chamber, is focused on looking to play the role of a peer group organisation, which can generate the necessary revenues self-sufficiently, while partnering with corporates and government more effectively.

The quality and quantity of in-country experience on our Board and membership is a resource that can be used more formally and effectively across government. Our independence gives the Chamber the strength to play a role we believe government can benefit more from.

While other entities play an essential role in country-to-country ties and business facilitation, where CACC and its sister Chamber's differentiate is the facilitation of in-country support.

Australian businesses rely on the Chambers for assistance on-the-ground in country, particularly vital access to the local government networks required in the China business environment.

We have demonstrated success in assisting companies in country deal with regulatory delays and have the right formal relationships to assist firms in working with regulators to navigate the often complex processes they must go through. This capability comes not only through our regulatory status but through the years of knowledge we can tap into through our Board and membership.

CACC encourages the Australian Government to take a more active role in interacting with and supporting in-country Chambers of Commerce, and by extension Australian businesses. CACC and its sister Chambers in China are able to provide information and assistance on what is required of government on-the-ground, which should be leveraged.

## Trade, Investment and Expanding Commercial Opportunities for Australian Business in China

### Optimising the Trade Environment

Government should continue the to date excellent work to address non-tariff barriers, market access restrictions, and the development of trade and investment to ensure the optimum trade environment. We recognise the efforts across the Department of Foreign Affairs and Trade (DFAT), and the Australian Trade and Investment Commission (Austrade) in this area.

The terrific success of Australia Week in China (AWIC) 2014 and 2016, driven by Austrade is to be commended. Hosted in Shanghai, with streams that reach out into many cities in China, we hope it will continue to go from strength to strength.

We believe that to continue momentum and to be forward looking, the host city should be brought around the country, and not be settled in any one host location. Cities such as Beijing, Tianjin, Chengdu, Chongqing, Hangzhou, Wuhan, Shenzhen, and Guangzhou could all be excellent options along with current host Shanghai.

AWIC must showcase that there are multiple capable locations, which is in the interests of the whole of the Australia-China business community. CACC can actively partner with the Australian Government on this project.

CACC proposes a Regional Assistance Program be set up to assist CACC to commence building more and deeper linkages with business and local government in second, third and fourth tier cities in China.

The assistance program would provide two-way-benefit – Australian Chambers would work with local governments to attract the type of business needed, and with Australian businesses in alerting them to opportunities in local areas. At the same time it would grow the relationships and knowledge over time in areas that will be advantageous to Australian business in the future.

We need a foothold in these emerging markets to assist companies operating in China develop and grow into rapidly developing regions.

## Pathways for Young Australians

### Linking Universities and Business

CACC supports the Colombo Plan initiative and encourages the Australian Government to continue to build on these types of opportunities. However there is still more to be done in getting businesses to buy into the initiative. The Chamber can work with businesses to strengthen the pathways for young Australians, and provide the link between business and government.

CACC has already started a project to grow these opportunities, linking Australian university graduates from the Group of Eight (Go8) with CACC and Chinese Chamber of International Commerce members, a network of some fifty thousand enterprises through an online platform – [www.aozhouhaigui.com](http://www.aozhouhaigui.com)

This is the type of value adding innovative program, the Chamber can and does deliver.

# Empowering Australia-China Business

*The following outline ways the Australian Chambers of Commerce in China can partner with government and its agencies to support Australian business in China*

- 1. Build a transparent nationwide China approach and capability, by coordinating federal government, states, businesses and non-government organisations, and clarifying the roles and responsibilities of the in-country Australian business support*
- 2. Strengthen relationships in Australia and China through utilising peer group organisations for further linkages and support. Including, partnering to rollout Regional Assistance Programs to build a presence in emerging regions in China*
- 3. Back businesses through change and over time to maintain sustainable and substantial business on-the-ground in China*
- 4. Assist government with a better forecasting capability; economic, political, technical, social and competitive. Estimate future conditions, events, needs and opportunities, recognising that the pioneering era of China-Australia business has well and truly passed*
- 5. Conduct a review of the trade support network in China – ensure clarity on roles and responsibility and adequate resourcing to support the optimum development of the trade environment*
- 6. Overcome out-dated, less than capable practices that still dominate the Australia-China approach*
- 7. Recognise that Australia is operating in a global, highly competitive market place where there is no guarantee of long term preferential linear treatment between Australia and China. Australia must be globally competitive and capable in the digital era*



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