

SE OpEd
HD **The banquet has only just begun**
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THE world leader most important to Queensland has just left the building. And it wasn't Barack Obama or Shinzo Abe. **Chinese** President, Xi Jinping, thanks for stopping by.

When **China** overtook Japan to become Australia's largest customer for goods exports five years ago, Queensland remained a bastion of the old order. At the end of 2008, Queensland's goods exports to Japan were five-and-a-half times the value of **China**. Those to Korea and India doubled **China** as well.

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Now Queensland's economy is humming along with all the raucous **energy** of an eight-course **Chinese** banquet.

Since 2008, the value of goods exports to Japan, Korea and India has gone backwards to the tune of \$6.5 **billion**, \$1 **billion** and \$1.1 **billion**, respectively. These damaging falls in demand have been entirely offset by an \$8.8 **billion** jump in exports to **China**.

Queensland's goods exports to **China** are now 35 per cent higher than those to Japan and account for 25.8 per cent of the state's total. **China** is buying much more than only our **coal**. In June this year there were 9228 students from **China** studying in Queensland universities. That's more than double the number from Japan, Korea and India combined. The state also welcomed 302,000 **Chinese** tourists last year.

The big story for Queensland's economy in the coming decade will be liquefied natural gas (LNG). In June, Santos CEO David Knox remarked that if Queensland was a country, it was about to become the world's fourth-largest producer. And **China**'s in the thick of it.

In 2011, **China**'s Sinopec agreed to buy 4.3 **million** tonnes per annum (mtpa) from Origin **Energy**'s Australia Pacific LNG project in a deal worth \$90 **billion** over 20 years. The following year it signed on for 3.3 mtpa more. Still not content it then kicked in 25 per cent of the project's \$24.7 **billion** capital cost to get things up and running. First shipments out of Gladstone are expected in 2015.

It's not only in the resources sector. In 2011 when **Chinese company** COFCO took a majority **stake** in Tully Sugar the fear was locals would lose their jobs to imported **Chinese** workers on \$2 a day and all the output would be shipped back to **China**. What actually happened was the existing workforce was kept, the mill received a \$14 **million** facelift and North Queensland sugar continues to be sold all over the world.

What's next is anyone's guess but beef is fast finding favour with **Chinese** taste buds. According to the Meat and Livestock Association, the value of Australia's beef and veal exports to **China** jumped 3273 per cent in the past five years.

For **China**, it's all about increasing the size of the pie. **China** can't do it alone: it needs to join forces with local companies and workers.

The Free Trade Agreement signed on Monday will create even more opportunities. The problem is that for all its enormous potential the **Chinese** market is an unfamiliar one and we simply aren't producing enough.

If we get this right, the banquet is only just getting started. Professor James Laurenceson is deputy director, Australia-**China** Relations Institute (ACRI), University of Technology, Sydney

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