

## **Western Australia a blueprint for China engagement**

by Christian Edwards  
PERTH, Feb. 18. (Xinhua) -- Chinese companies will be the champions of a remodeled global business environment and the Chinese economy will assume the lion's share of global growth in 2013, according to Australia's peak industry body fostering bilateral trade and investment. In the shadow of Sydney's largest ever Chinese New Year celebrations, 3,500 km directly west, Duncan Calder, president of the Australia China Business Council (ACBCWA), told a gathering of business and community leaders in Perth last week that the world was now looking to China. Speaking at the annual ACBC Chinese New Year banquet, Calder said, "With the American economy still in a fragile recovery and the EU mired in its debt crisis, the world looks to China as a growth locomotive." China is expected to take on a greater share of keeping the world economy growing in 2013. "The annual Chinese New Year banquet in Perth is the largest of its kind anywhere in Australia and reflects the growing importance Western Australia (WA) now plays in a bilateral relationship worth well over 120 billion Australian dollars annually. WA have a population of scarcely 2 million, but, thanks to its ongoing partnership with China, it is now the world's leading state in minerals production and distribution. Massive shares of world production include 21 percent of iron ore, 14 percent of alumina, 13 percent of nickel, 7 percent of liquefied natural gas and 6 percent of gold. It's a portfolio that is growing almost daily, with new projects in lithium, vanadium, rare earths and uranium following the daily shipments of iron ore from the rich Pilbara region. WA boasts well over 500 commercial mining and petroleum projects, with a combined production value of 107 billion Australian dollars (110.16 billion U.S. dollars) in 2011. The Pilbara region alone accounts for 31 percent of Australia's merchandise exports. Port Hedland exports more tons of bulk cargo than any other port in the world. Tellingly, 80 percent of investment by China's state-owned enterprises (SOEs) in Australia is in Western Australia. The maturing of the China relationship in WA is reflected by China's SOEs becoming both a foundation customer and foundation investor in major greenfield projects. Indicative of this cooperation are the new magnetite projects which are currently coming on stream and bringing a whole new industry to Australia. These are led by CITIC Pacific Mining with its Sino iron project in the Pilbara and Ansteel (Gindalbie) through the Karara Project in the Mid-West. "These projects are national assets of both China and Australia," Calder told Xinhua. Calder said Western Australia is the lynchpin of the bilateral relationship and is the origin of some 73 percent of all Australian goods exported to China. "When Premier (Colin) Barnett first visited China in 1994 the exports of Pilbara iron ore to China were 17 million tons a year. Today, the comparable figure is over 300 million tons," he said. Just as impressive is the state's position in international trade. Merchandise exports from Western Australia during 2011-2012 were 121 billion Australian dollars, or 46 percent of Australia's total. By the end of this decade, exports from Western Australia will be well over 50 percent of Australia's total and possibly approaching 60 percent." And as Frances Adamson, Australian

ambassador to China, has herself pointed out, five of the last seven Australian ambassadors to China have come from WA. This at least is indicative of the lion's share that WA assumes when it comes to this key friendship, " Calder added."I'm pleased to say that the WA government has displayed foresight and commitment in its sister province relationship with Zhejiang, special relationship with Liaoning, and the friendly city relationship between Perth and Chengdu."Calder backed the comments of Fortescue Metals Group (FMG)'s Nev Power who last week told Xinhua that Western Australia was where Australia was best collaborating with China."I thought Nev Power was spot on when he highlighted the increasing number of robust, positive and extremely productive working relationships between Australian and Chinese companies, particularly in Western Australia where there are so many joint collaborations."In his keynote address -- at the banquet which last year attracted 888 guests -- Deputy Consul General Liu Yutong praised the role of the ACBC in harnessing China's growth as a key driver of prosperity in WA."As the most active and influential organization, the ACBC has been an effective platform for facilitating the cooperation between companies in China and WA, and it plays an important role in promoting cooperation in the fields of mining, energy and agriculture," he said."China has been WA's biggest trading partner and export market. The rapid economic development of China has in fact driven the prosperity of Western Australia."China last year eclipsed the United States to become not only the world's largest exporter but also the world's largest trading nation, with key partnerships across the world, from Australia to Southeast Asia, to Africa and to South America."Chinese companies will become the new champions of the business world. Just as Japanese companies dislodged American companies from the pinnacle, Chinese companies will also in time streamline their business model to become new global champions."Calder joined UNSW JW Neville Fellow Tim Harcourt and Saul Eslake, Bank of America Merrill Lynch, chief economist in backing the Chinese Government's efforts to move China away from an investment-led export driven growth model to a consumer-led social spending growth model as "not only important for China but also for the world."In this regard, Calder concluded that businesses across the world must now endeavor to understand China and particularly the Chinese consumer.WA Premier Colin Barnett agreed, while sounding a note of warning that Australia and Australian businesses need to focus on the relationship -- not the numbers."I don't believe we need to spend too much time worrying about China's growth rate. We do need to spend more time on managing our relationship with China. That is the issue that needs attention," he said."China ranks sixth as a source of direct foreign investment in Australia and accounts for only 4 percent of the total. No doubt that share will rise."