

## China-Australia Cooperation is Promising

### Keynote Speech by HE Ambassador Ma Zhaoxu

At the Welcoming Luncheon of the CEDA , 14 March 2014

Mr. Ian Satchwell, State President WA, CEDA,

Mr. Duncan Calder, National President, ACBC,

Distinguished Guests, Ladies and Gentlemen,

First, I want to thank the CEDA for hosting the luncheon. It is a pleasure to meet you here. I would like to take this opportunity to share with you some of my observations on what's happening in China and its relations with Australia.

I was asked to speak on the theme of China's New Leadership and New Direction. I would like to say that China is not setting out a different course than before but following the consistent direction of development set by the leadership and the people. To understand China, one should understand Chinese philosophy. The philosophy of the CPC is to govern for the people. The mission of the new Chinese leadership is to deliver a happy life to the Chinese people. As President Xi Jinping put it, the Chinese people have an ardent love for life. They wish to have better education, jobs, social security, medical and health care, housing and environment. They want their children to lead a more enjoyable life. To meet their desire for a happy life is our mission.

China started the reform and opening up more than 30 years ago and historic changes have taken place since then. China's economic aggregate has reached US\$9.18 trillion and per-capita GDP almost US\$6800. Chinese people are now leading a much better life. But China remains a developing country with 1.3 billion people and 128 million of them still in poverty. Every year, 7 million graduates need to find jobs.

Our goal is to build a well-off society by the centenary of the founding of the CPC and a socialist modernised country that is rich, strong, democratic, culturally advanced and harmonious by the middle of the century.

To achieve this goal, China needs to focus its energy on economic development and poverty reduction. And the best way to development is reform and opening up. To realise modernisation and lift 1.3 billion people out of poverty is China's biggest contribution to human civilisation.

I know you are interested in the new developments in China. I would like to draw your attention to some key figures on China's economic performance and my personal interpretation.

In 2013, China's economy grew at 7.7 per cent, a high speed growth rate in the global context. More than 13 million new jobs were created for urban residents, the largest number in history. The ratio of service sector to its total GDP has risen from 44.6 per cent in 2012 to 46.1 per cent last year, overtaking the secondary industry for the first time. The GDP of the central and

western regions accounted for 44.4 per cent of China's total GDP, 0.2 percentage points higher than 2012. The per capita net income of its rural residents grew by 9.3 per cent in real terms, 2.3 percentage points higher than that of urban residents.

These figures show us a comprehensive and impressive picture of China's economy. What we can tell from this picture is greater and better economic growth. Besides manufacturing, the service sector has become a new engine driving China's sustainable economic growth. Our cooperation in the service sector will face new opportunities for rapid growth. The market potential of China's central and western regions and rural areas is now gradually unleashed.

Reform remains the top priority of the new Chinese leadership in 2014. China is now launching a new round of reform and opening-up involving political, economic, cultural, social and ecological efforts and more than 300 major measures. One of the purposes is to speed up the transformation of the economic development pattern for better, more efficient and sustainable growth. To do this, the Central Government set up a leading team to design reform, coordinate and supervise the implementation of reform plans. For instance, we are introducing market-oriented lending rate. We have established the Shanghai Free Trade Zone and are exploring a negative list of administration for foreign investment access. Sectors such as financial and shipping service, commerce and trade, professional, cultural and social service are all open to foreign investment. We have also eased market access. This new round of reform is unprecedented and will certainly bring more opportunities to both China and the rest of the world including Australia.

China has been Australia's largest two-way trading partner, export market and source of import for several years in a row. According to the statistics of the Chinese Customs, in 2013, the two-way cargo trade reached US\$136.38 billion, up by 11.5 per cent year on year. China's import from Australia stood at US\$98.82 billion, up by 16.8 per cent year on year. Australia ran a commodity trade surplus of US\$61.26 billion with China, up by 30.8 per cent compared with 2012.

The ACBC 2013 report found that each year, trade with China benefits Australian households in income equivalent terms by more than AU\$13,400. It has increased job opportunities and income for Australian families. China-Australia trade composition is also improving. China is importing not only energy and mineral resources but also agricultural produce, and energy-saving and environmental products from Australia. China will import around US\$10 trillion worth of merchandise from the rest of the world in the coming five years. It certainly means a reliable and stable market for Australian export.

China-Australia two-way investment has been expanding in both scale and scope. Statistics by China's Commerce Ministry show that China's non-financial investment in Australia in 2013 was US\$ 3.94 billion, an increase of 82.4 per cent. By the end of last year, China's non-financial direct investment in Australia stood at around US\$17billion. Its outbound foreign investment is expected to be USD 500 billion in the next five years. And Australia is one of China's major investment destinations. Chinese investment are mainly in areas such as energy and resource development, agriculture, manufacturing, financial services, real estate and IT. These investments have provided new impetus into the development of Australian industries. However, mutual investment by the two countries only takes a small share of the total foreign investment they have attracted. Still much more is to be tapped.

China has also become Australia's largest source of international students, second largest source of inbound tourists as well as the fastest growing inbound tourism market. There are now 150,000 Chinese students studying in Australia, accounting for 28.5 per cent of total foreign students in Australia. From October 2012 to October 2013, 720,000 Chinese tourists visited Australia, an increase of 17.3 per cent year on year, bringing AU\$4.5 billion worth of revenue to Australia. It is estimated that by 2020, Chinese tourists will have spent AU\$ 9 billion in Australia.

Both China and Australia are now transforming and upgrading their economies. It means a rare opportunity for upgrading our economic cooperation. China's ongoing industrialisation, urbanisation and development of its central and western region will sustain a long-time demand for energy, minerals, agriculture and service. We will also see more complementary ties in infrastructure, telecommunications, environmental protection, science and technology. Both of us will benefit from this dynamic cooperative relationship for a long time to come.

But our close relationship is far more than business cooperation. Our political ties have maintained a growth momentum. We established a strategic partnership last year and enjoy frequent high-level exchanges. People-to-people links are becoming increasingly stronger, as the number of Chinese students and tourists indicate. We have also had productive defence and security dialogue and cooperation, such as joint military exercises, mutual visits of warships and Military Culture Friendship Week.

China and Australia have different history, culture, political system and development stage. It is natural that we are not always on the same page since. However, the two countries have no fundamental conflict of interests and our common interests far outweigh our differences. Keeping our ties on a healthy and stable track not only benefit us, but also contributes to peace, stability and development of the Asia-Pacific and the world as a whole. The two countries shoulder the common responsibility to ensure a healthy and stable development of the relationship.

We should properly handle the problems that prop up in our relations. The past 40 years' growth of China-Australia ties proves that as long as we respect each other and treat each other as equals, we could properly address our differences. It also proves that when the two countries respect each other's interests and concerns, our ties will be in a good shape.

As the largest state in Australia, West Australia is the pioneer in China-Australia business cooperation. China has become the state's largest trading partner, export market and source of import. Two-way trade between West Australia and China was US\$70.3 billion in 2013, up by 27.6 per cent. Its export to China was US\$66.4 billion, increasing by 30 per cent year on year and accounting for 70.2 per cent of Australia's total export to China. Cooperation has gone far beyond business links. There are now nearly 10,000 Chinese students studying in West Australia. And with the direct flight between Guangzhou and Perth opening, the number of Chinese tourists is also rising remarkably. Chinese New Year celebrations and other cultural activities have become a part of people's daily life in West Australia.

In my view, China-West Australia cooperation will continue to grow in the future. In particular, our cooperation in energy will be stronger. China's industrialisation and urbanisation is still going on. It is estimated that China's rate of urbanisation will be growing annually at 1.2 per

cent in the coming ten years, driving a growing and strong demand for energy and resources. China's consumption is also upgrading with the rising living standard of its people, which means higher demand for high-quality food. West Australia and China have high complementary relations in these areas. We have every reason to believe that our cooperation will be more promising.

You have been long committed to China-Australia friendship. I hope you could continue to support China-Australia relations and contribute to our joint efforts for new development of our relations. Thank you.