



Parliament of Australia

**Parliamentary Delegation
to
China**

26 June – 1 July 2017

Commonwealth of Australia 2017

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Members of the Delegation

Leader of the Delegation

The Hon Tony Smith MP
Speaker of the House of Representatives
Liberal Party of Australia

Deputy Leader of the Delegation

Mr David Coleman MP
Member for Banks (New South Wales)
Liberal Party of Australia

Mr Luke Gosling OAM, MP

Member for Solomon (Northern Territory)
Australian Labor Party

The Hon Stuart Robert MP

Member for Fadden (Queensland)
Liberal Party of Australia

Senator Dean Smith

Senator for Western Australia
Liberal Party of Australia

Senator Murray Watt

Senator for Queensland
Australian Labor Party

Officials:

Mr Tim Bryant
Delegation Secretary

Ms Cate Clunies-Ross
Adviser to the Speaker

Delegation to China

Between 26 June and 1 July 2017, it was my pleasure to lead an Australian Parliamentary Delegation to China.

The full Delegation was as follows:

- Delegation Leader, The Hon Tony Smith MP, Speaker of the House of Representatives
- Deputy Leader, Mr David Coleman MP, Member for Banks
- Mr Luke Gosling OAM MP, Member for Solomon
- The Hon Stuart Robert MP, Member for Fadden
- Senator Dean Smith, Senator for Western Australia
- Senator Murray Watt, Senator for Queensland.

The Delegation was supported by Ms Cate Clunies-Ross (Adviser to the Speaker) and Mr Tim Bryant (Delegation Secretary).

A key objective of the Delegation's program was to strengthen parliament to parliament ties with China by taking part in the 6th meeting of the China-Australia Regular Exchange Mechanism. Strong relationships between parliaments are fundamental in helping to build mutual understanding of each other's systems of governance.

Other aims of the visit were to gain greater insight into the current domestic, political, social and economic issues faced by China and to discover opportunities to further the deep business and people-to-people connections between China and Australia.

Beijing

Tuesday 27 June

Australia-China relations

The Delegation's visit took place in the atmosphere of cooperation engendered by the March 2017 visit to Australia of His Excellency Li Keqiang, Premier of the State Council of the People's Republic of China.

This visit helped reaffirm the enduring connections between Australia and China and strengthened the foundations on which stands the broad strategic and economic and cultural relationship, built on thousands and thousands of people-to-people ties.

Key among those connections is the China-Australia Free Trade Agreement (ChAFTA) which commenced in December 2015. The agreement underpins the deep trade relationship between the two countries. China is Australia's largest two-way trading partner and Australia's largest export market. Goods exports to China are still dominated by resources but, supported by ChAFTA, there has been strong growth in agricultural goods, and food and beverages. There has also been strong growth in services exports based on growing numbers of Chinese tourists and students visiting and studying in Australia.

It is expected that ChAFTA will lead to new opportunities for cooperation in services and investment especially around science and technology.

Premier Li's visit was also an opportunity for the two nations to affirm the need for stability in our region, underpinned by the rules-based international order, if free trade is to continue to thrive.

Briefings

The Delegation's work program commenced in Beijing with a comprehensive briefing from the Chargé d'affaires a.i. to China, Mr Gerald Thomson on the preeminent issues of the day. These included amongst others, the strength of Australia-China bilateral relations, economic cooperation and trade, the depth of people-to-people links and developments in China's parliamentary and legal systems. These topics would become recurrent themes throughout the visit.

E-commerce – JD.com

The Delegation's first official visit, arranged by Austrade, was to JD.com. JD.com is the largest business to consumer, online, direct-sales company in China on transaction volume, with a market share of 52 per cent. Founded in 1998, JD.com has a reputation for authenticity and zero tolerance towards counterfeit products, as well as fast, reliable service including its own 'last mile' delivery service which, in some cases, incorporates the use of drones and robots. JD.com operates 143 warehouses across 39 cities, and has more than 62,000 employees and 105 million active customer accounts.

The visit was an opportunity for the Delegation to understand the scale of e-commerce in China and to become informed about opportunities for Australian companies in this rapidly developing area.

The discussion with Mr Jerome Ma, Corporate Vice-President, ranged across a number of areas. Mr Ma provided a snapshot of the Chinese consumer, noting that they expect same-day delivery and that JD.com is able to meet that expectation 80 per cent of the time. Products ordered before 11am were delivered the same afternoon.

The Delegation was very interested to understand more about JD.com's move into fresh food delivery. JD.com's logistics network means that it is possible for fresh food to be delivered on the same day. The Delegation's interpreter confirmed this noting that it was cheaper and more convenient for her to have dairy products delivered to her house than to go to the closest shop to buy them. The scale of JD.com's operations clearly provide an opportunity for Australian businesses but also present challenges. Mr Ma indicated that Australian companies would need to be able to guarantee supply which is often difficult in Australia's smaller, more fragmented market. Notwithstanding these caveats, the Delegation was encouraged by the potential for some Australian companies to enter the Chinese market. Seafood, currently serviced

mainly by Norway and Canada, is one area with significant potential.

To underline the scale of the operation, Mr Ma took the Delegation on a comprehensive tour of the Beijing headquarters. The Delegation was very appreciative of the opportunity to see first-hand the sophistication and complexity of JD.com's operations.



The Delegation visiting the logistics demonstration room at JD.com

The China Institute of International Studies

The Delegation's next meeting was with Dr. Su Ge, President of the China Institute of International Studies (CIIS) and other members of the CIIS. The CIIS is a professional research institute directly administered by the Ministry of Foreign Affairs. President Su Ge has served as Minister Counsellor at the Chinese Embassy in the United States, and Ambassador to the Republic of Suriname and to Iceland.

This was an opportunity for the Delegation to gain a deeper understanding of the foreign policy context in which both countries are operating.

The room in which the meeting took place was in the former Austro-Hungarian embassy. More significantly, the meeting occurred at the same table at which the Sino-British negotiations over the handover of Hong Kong from British to Chinese rule, almost twenty years ago to the day, took place.

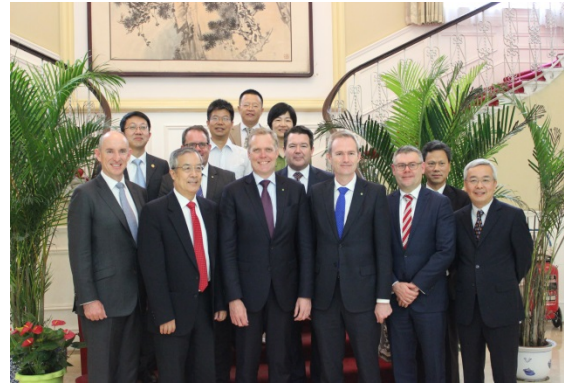
Both sides had in-depth exchanges on topics including China-Australia ties, the situation in Northeast Asia and China-ASEAN relations. President Su Ge acknowledged the close connections between the two countries and the importance of the stability of the region for ongoing economic development and cooperation. Further, despite the structural differences between the two countries, there were many common interests economically, culturally and politically.

The Delegation welcomed these comments and discussed particular areas where cooperation occurs. Parliament to parliament relations were particularly important in helping to build understanding and the Speaker noted that the Australian Parliament would be pleased to welcome a return delegation from the National People's Congress in the future.

Other areas that were discussed included the opportunities for cooperation with ASEAN to help build a community of cooperation in the face of differences; the DPRK nuclear issue; issues raised by disputes in the South China Sea; closer connections in counter-terrorism activities; and opportunities for Australia to act as a bridge in helping to build cooperation with the United States.

In addition, there was an opportunity for the Delegation to understand more about China's *One Belt One Road* Initiative designed to improve infrastructure connectivity and investment in the Asia-Pacific region. This initiative has generated significant interest in Australia and elsewhere and provides welcome opportunities for Australian businesses.

The discussion also included the Comprehensive Strategic Partnership between China and Australia and its importance for providing stability in the region. The Delegation was very appreciative of the time President Su Ge and his staff were able to give to the Delegation.



The Delegation with President Su Ge at the China Institute of International Studies

Cultural tour

The Delegation was very fortunate to be given a guided tour of the Palace Museum also known as the Forbidden City. The Forbidden City was the Chinese imperial palace from the Ming dynasty (1420) to the end of the Qing dynasty (1912). It is an extraordinary example of Chinese palatial architecture. The scale and grandeur of the precinct is remarkable.

Immediately afterwards, the Delegation visited the Red Gate Gallery. This gallery was established in 1992 by pioneering Australian Brian Wallace and is located inside a 600 year old Ming Dynasty watchtower which formed part of the Beijing city wall during the Ming and Qing dynasties. It was Beijing's first private contemporary art gallery, with a focus on supporting Chinese contemporary artists and international exchanges.

The Delegation was very grateful for the tour provided by Mr Wallace and the opportunity to understand more about the complexities of operating cultural institutions in China.

AustCham Beijing

The final appointment for the first day was with members of AustCham Beijing who had arranged a reception in the Delegation's honour. The China-Australia Chamber of Commerce in Beijing aims to advance Australia-China business relationships through building connections between their members

and other business stakeholders. The venue for the event was “Capital M”, owned by pioneering Australian restaurateur Michelle Garnaut.

This was a valuable opportunity for the Delegation to speak with Australian and Chinese business interests and to understand more clearly the challenges and opportunities facing the many Australian businesses operating in China and to help establish connections with business and cultural interests in Australia. These are always very productive occasions and the Delegation would like to sincerely thank AustCham Beijing for its efforts in organising the event.



The Speaker addressing AustCham Beijing

Wednesday 28 June

The Delegation had three key meetings on the second day of its program. The first of these was participation in the 6th Meeting of the China-Australia Regular Exchange Mechanism, a vehicle for facilitating parliament to parliament cooperation.

The Delegation split into two groups for this meeting. In line with established protocol, Mr David Coleman MP led the Australian delegation in the 6th Meeting of the China-Australia Bilateral Parliamentary Exchange Mechanism. The Speaker, who led the Delegation at the meeting later in the day with the Chairman of the National People's Congress, Mr Zhang Dejiang, participated in a separate cultural program.

6th Meeting of the China-Australia Bilateral Parliamentary Exchange Mechanism

The exchange mechanism was established in 2006 to facilitate a regular exchange of views on broad issues of common concern.

Mr Liu Xiaojiang, Chair of the China-Australia Parliamentary Friendship Group and Vice Chair of the Foreign Affairs Committee of the National People's Congress welcomed the Australian delegation and presided over the exchange.

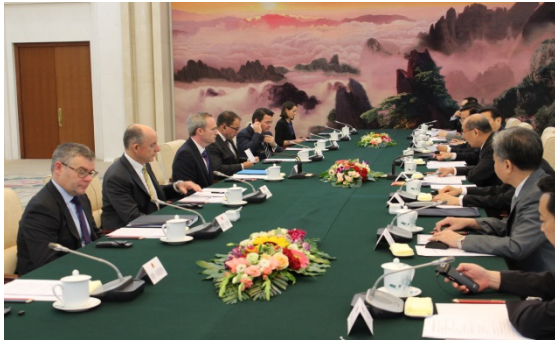
Four topics for discussion had been agreed to prior to the dialogue. These were bilateral relations between the two countries, the development of parliamentary and legal systems, economic and trade cooperation between China and Australia, and people-to-people exchanges.

Each Delegation member had an opportunity to outline the Delegation's position in relation to each of the topics. Mr Coleman noted the importance of the visits by President Xi in 2014 and Premier Li in 2017 in helping to build the Comprehensive Strategic Partnership between the two countries and in so doing noted that 2017 was the 45th anniversary of the establishment of diplomatic relations between Australia and China. In response to issues raised by Mr Liu, Mr Coleman acknowledged the 'One China' policy and emphasised the role that the independent media in Australia plays in Australia's democracy.

In response to Mr Liu's comments about the situation in the South China Sea, Mr Coleman reiterated that Australia does not take a position on competing claims to the area in question and urges disputes to be settled in accordance with international law.

Senator Watt responded to comments made in relation to the second topic, the development of parliamentary and legal systems. He took the opportunity to outline aspects of Australian governance, especially the role of the Senate. He also acknowledged President Xi's efforts to tackle corruption and promote legal reforms aiming to boost

transparency and predictability in China's justice system.



6th Meeting of the China-Australia Bilateral Parliamentary Exchange

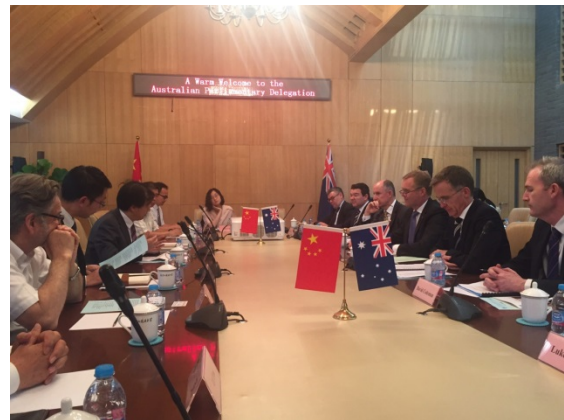
In response to issues raised in relation to the third topic, economic and trade cooperation, the Hon Mr Robert MP, noted the strength of trade between Australia and China and opportunities for further growth. In particular, tourism and education were very significant but could be developed even further. Other potential areas for cooperation included agri-business, agricultural technology, science and technology, health, medical and aged care.

The final topic was people-to-people exchanges. Senator Smith and Mr Luke Gosling MP emphasised the strength of exchanges in the fields of education and tourism. Senator Smith focused on the importance of academic exchanges noting the extensive contribution made by Australian academics to Chinese academic journals. Mr Gosling also noted the importance of air services in building bridges between the two countries, and noted that there was an opportunity for an airline to provide a direct flight between Darwin and China.

Other areas that were discussed during the dialogue included arts exchanges around traditional Chinese painting and calligraphy as well as opera, the importance of collaboration in law enforcement, scientific cooperation in combating malaria including a joint project in PNG, and opportunities for collaboration in health-related matters.

Australian Studies Centre at the Beijing Foreign Studies University

The Speaker and delegation's next call in the afternoon was on the Australian Studies Centre (ASC) at the Beijing Foreign Studies University (BFSU). Established in 1983, the ASC is one of the first of more than 30 ASCs in China today. The Centre hosted the first Australian Studies conference in China in 1988 and initiated the establishment of the Australian Studies Association in China. It offers courses on Australian history and culture at undergraduate level as well as the development of postgraduate studies programs.



The Delegation at the Australian Studies Centre, BFSU

The Delegation met with a group of academics and students led by Professor Sun Youzhong, Vice-President of BFSU and President of the Association for Australian Studies in China. The discussion covered a range of topics touching on trade, economics, culture and politics. Importantly, it presented an opportunity to discuss the New Colombo Plan which encourages a two way flow of students between Australia and the rest of the region, complementing the thousands of Chinese students who come to Australia to study each year. The Plan aims to deepen Australia's relationship in the region at the individual level and through expanding university, business and broader cultural links.

One of those who attended the meeting, Professor Li Yao, was an expert in translating Australian novels into Chinese. Over the last 39 years he has translated more than 30

Australian novels. These will be published as a single collection later this year to coincide with the 45th anniversary of Australia-China diplomatic relations.



The Delegation at the Australian Studies Centre, BFSU

Meeting with Mr Zhang Dejiang, Member of the Politburo Standing Committee and Chairman of the National People's Congress

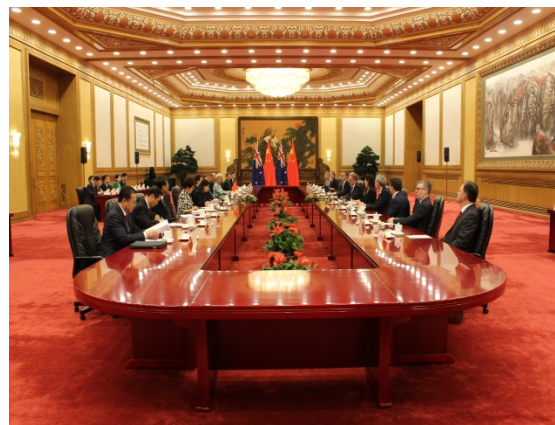
The Delegation's final meeting for the day was with Mr Zhang Dejiang. Mr Zhang is Chairman of the National People's Congress and ranks third in the Chinese Communist Party's peak decision-making body, the Politburo Standing Committee, after President Xi and Premier Li.

Prior to the meeting, the Delegation, led by the Speaker, were given a tour of the Great Hall of the People, during which they were able to see the main chamber which can seat 10,000 representatives.

The Delegation's meeting with Mr Zhang was the most formal of those scheduled. Mr Zhang gave an overview of China's development over the last 150 years and concluded by noting the importance of strong cooperative relations for regional peace and stability. The Speaker in responding offered, on behalf of the Government and people of Australia, his deepest condolences for the loss of life in the recent landslide disaster in Sichuan. He went on to reiterate the importance of the Comprehensive Strategic Partnership between Australia and China and welcomed the positive momentum in bilateral relations in 2017, underpinned by a series of successful

high-level visits. As an extension of that program of visits, the Speaker noted an Australian Parliamentary Joint Committee on Law Enforcement hoped to visit China later in the year.

Following the meeting, Mr Zhang hosted the Delegation at a formal banquet.



Dialogue with the Chairman of the NPC, Mr Zhang Dejiang at the Great Hall of the People

Shanghai

Thursday 29 June

The Delegation travelled from Beijing to Shanghai by high speed rail. The Delegation noted that the 1,300 kms, roughly the same distance as Brisbane to Townsville, took a little over 4 hours and that the train ran perfectly to time.

Bright Dairy and Food Co

On arrival in Shanghai, the Delegation's first visit was to the Bright Dairy and Food Co. Bright Dairy and Food Co. is a multinational food and beverages manufacturing company headquartered in Shanghai. It is the second largest China-based food manufacturing company and is a state owned enterprise.

This was a valuable opportunity for the Delegation to gain an understanding of the technological sophistication that sits behind Bright Dairy and Food Co.'s manufacturing processes. Its products primarily include fresh milk, fresh yogurt, lactobacillus drinks, milk and yoghurt at room temperature, and milk powder including infant formula and adult

milk. The process is supported by state of the art technology which ensures extremely high levels of quality control.

The Delegation was interested to understand the supply chain process especially as it related to the Australian dairy industry.

Friday 30 June

Meeting hosted by Shanghai Municipal People's Congress

This was the Delegation's final day in China. The day commenced with a visit to the Shanghai City Planning Exhibition Hall. This exhibition outlines Shanghai's remarkable growth as a world city. It charts the city's growth to date but also explains the future plans for the city which includes parklands, vehicle tunnels and new train stations. The scale model of the city which is the centrepiece of the exhibition would have covered half a tennis court.

The focus of the day was the meeting with Ms Yin Yicui, the Chair of the Standing Committee of the Shanghai Municipal People's Congress (SMPC). The SMPC is responsible for the laws and administration of Shanghai, a city with a population roughly the same as Australia.

Ms Yin noted the close connections with Australia through education, tourism and business and highlighted the twinning of Shanghai with Queensland as evidence of the depth of these bonds. She was hopeful of building further on these partnerships in the future.

The Speaker endorsed the focus on building relationships across a range of areas. The people to people exchanges were particularly strong and, as an example, he pointed to the recent Australian Football League match that was held in Shanghai. He also reiterated the importance of trade relations under ChAFTA and the important connections with Australian businesses headquartered in Shanghai.

The meeting was followed by a banquet hosted by Ms Yin. This was the final element in the Delegation's program.

Acknowledgements

The Delegation would like to thank all those who contributed to making the program so successful. The hospitality that was extended to the Delegation by the National People's Congress and the time that was given so generously was very much appreciated. The program contributed significantly to the strengthening of parliament to parliament relations and, in this respect, went a significant way in meeting the objectives of the Delegation's visit.

The Delegation would also like to thank Mr Gerald Thomson, Chargé d'affaires a.i., and his officers at the Australian Embassy in Beijing, and Mr Graham Meehan, the Consul-General in Shanghai, for their dedicated support of the Delegation's visit. They worked tirelessly before, during and after the visit to ensure things went as smoothly as possible.

Thanks are also due to Raymond Knight from the International and Parliamentary Relations Office who arranged travel and other details for the Delegation.

Finally, I thank my fellow delegates for their thoughtful and enthusiastic participation in the Delegation's meetings and their productive and bipartisan approach to the Delegation's work.

The Hon Tony Smith MP

Speaker of the House of Representatives

Delegation Leader

Appendix 1

Program of the Parliamentary Delegation to China

26 June – 1 July 2017

Monday 26 June

- Departure from Australia

Tuesday 27 June

- Arrival in Beijing
- Briefing from Australian Embassy staff at hotel
- Visit to e-commerce company JD.com and meeting with Corporate Vice-President, Mr Jerome Ma
- Meeting with Dr Su Ge, President and Party Secretary, China Institute of International Studies
- Tour of the Forbidden City
- Tour of Red Gate Gallery with owner, Mr Brian Wallace
- Reception with AustCham Beijing members

Wednesday 28 June

Morning

- In accordance with the established protocol, the Delegation attended the sixth China-Australia Inter-parliamentary Meeting of Regular Exchange Mechanism without the Speaker. During this time, the Speaker participated in a separate cultural program.

Afternoon

- Meeting with staff and students of the Australian Studies Centre at the Beijing Foreign Studies University
- Meeting with the Chairman of the National People's Congress, Mr Zhang Dejiang at the Great Hall of the People
- Attend banquet hosted by Mr Zhang Dejiang

Thursday 29 June

- Travel to Shanghai via high speed rail link
- Visit Bright Dairy and Food Co.
- Visit Oriental Pearl Radio and TV Tower and Shanghai City History Development Museum
- Cruise on Huangpu River

Friday 30 June

- Visit Shanghai City Planning Exhibition Hall
- Meeting with Leader of the Standing Committee of Shanghai Municipal People's Congress, Ms Yin Yicui

- Attend banquet hosted by the Shanghai Municipal People's Congress
- Depart for Australia