

 <p>Australia China Business Council 澳大利亚中国工商业委员会</p> <p><b>President and Chairman</b></p>	<p><b>National Office</b> International Chamber House Level 5, 121 Exhibition Street Melbourne 3000 VIC</p>	<p>ABN: 57 075 909 625 <a href="http://www.acbc.com.au">www.acbc.com.au</a></p>
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Committee Secretary  
Foreign Affairs, Defence and Trade References Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
By email: fadt.sen@aph.gov.au

### **ACBC Submission: Funding for Public Research into Foreign Policy Issues**

1. The Australia China Business Council (ACBC) is a membership-based, non-profit, non-governmental organisation comprised of over 700 member companies engaged in bilateral trade and investment. Founded in 1973, we actively promote two-way trade and investment between Australia and China for the benefit of our members and the Australian community.
2. Management of a strained relationship with the People's Republic of China (PRC) ranks high on Australia's list of foreign policy challenges. A more confident and assertive PRC calls for delicate diplomacy that balances legitimate national security interests alongside the need to drive our national prosperity. Clear tensions have emerged between advocates of national security and a business community that remains determined to engage with the world's major driver of economic growth.
3. The ACBC supports the Government's stated position – viz. that Australia is “not to be forced into binary choices”, and that we seek to engage with China as a partner, not a threat. Unfortunately, these messages are not well understood, either within the Australia business community, or across the broader Australian community.
4. Bilateral business councils such as the ACBC have an important role to play within civil society. It is an important role that reaches beyond an exclusive focus on profits and extends to a range of ethical and political considerations that underpin the social licence of business to operate. Bans on the use of cotton sourced from China's Xinjiang Province serve to illustrate the point.

5. COVID-19 has triggered a drop in membership and the collapse of event revenue across the ACBC network. Financial constraints exacerbated by the global pandemic have diminished our ability to shape and influence the China debate. As a consequence, Australia risks losing the diversity of voices that are so critical in the context of troubled relations with the PRC.
6. The ACBC makes a significant contribution to public discourse in Australia. Most importantly, we provide a critical channel for the exchange of views between the business community, political leaders, and senior officials. We seek to ensure that the voice of business helps to inform and influence Australia's relationship with China. And we strive to inject nuance and realism into an increasingly toxic and polarised China debate.
7. Increased access to public funding would bolster the ACBC's capacity for an ongoing contribution to a bilateral relationship that is fundamental to Australia's current and future prosperity. The extensive business-to-business and people-to-people networks of bilateral business councils such as the ACBC provide a unique feedback loop that complements the development of government policies and programs.
8. The ACBC not only seeks to inform public policy, our networks are able to extend the reach and impact of government initiatives. For example, the ACBC proved to be a trusted partner in outreach programs to highlight the trade and investment opportunities flowing from the China Australia Free Trade Agreement. We would welcome additional funding to support advocacy and outreach activities that complement the work of government agencies such as the Australian Trade and Investment Commission (Austrade).
9. The ACBC is not a rent seeker looking for a free ride on the public purse. But we are a resource-constrained organisation with a genuine commitment to ensuring that business voices play a constructive role in shaping Australia's management of the China relationship.
10. Grants awarded by the National Foundation for Australia China Relations (NFACR) mark a welcome boost to public funding for foreign policy initiatives. However, NFACR funds are shared thinly across a range of initiatives including "building business capability and resilience, strengthening engagement in the health and ageing sectors, cultural and scientific exchanges, and providing a digital platform to support Chinese speaking international students' wellbeing."

11. By way of comparison of the model, the Australian Strategic Policy Institute (ASPI) is a significant beneficiary of public funding. In FY 2019-20, ASPI received \$4m in core funding from the Department of Defence and a further \$3.6m from other Federal Government agencies. In contrast, few if any NFACR grants approach the level of generosity afforded to ASPI. The first round of NFACR funding saw \$4m allocated across 20 different projects.
  
12. Australia's national interest is best served by a diversity of voices that balance national security interests alongside the trade and investment needed to fuel Australia's prosperity. It is therefore incongruous that public funds seem disproportionately weighted in favour of an influential advocate for Australia's national security interests, while advocates for commercial engagement with China are largely self-funded.
  
13. Security and prosperity are the twin pillars of Australia's national interest. The security pillar receives generous support from the public purse. The prosperity pillar does not.
  
14. ACBC encourages the government to consider funding initiatives that lend more support to advocates for sensible commercial engagement with China. Such support is needed to guard against the risk of security and prosperity being presented as a binary choice in the management of our relationship with China.

Yours sincerely

**David Olsson**

National President

Australia China Business Council