

Chapter 18

Political links

18.1 This chapter considers the political links between China and Australia. It takes a broad view on the importance of bilateral political exchanges and visits, emphasising the importance of people-to-people contacts to the overall relationship. It considers the extent to which links are strengthened through cooperation between government departments and agencies. It examines the role of sub-national governments in creating links. The chapter also considers the role of non-government organisations in contributing to the bilateral relationship.

18.2 The common themes running through discussions on political interactions were the benefits gained through cooperation and the vital importance of forming personal relationships to enhance understanding and promote the creation of additional links.

Political visits and exchanges

18.3 Chapter 3 of this report referred to the growing frequency of reciprocal high level visits to bolster the economic relationship. High level visits are also crucial to broader political and strategic interests. They often indicate the health and/or importance of a bilateral relationship.

Exchanges between future leaders

18.4 High level visits are not the only type of political exchange of significance to Australia's interests and its relationship with China. Exchanges and visits from future leaders are also very important, but perhaps do not receive adequate recognition for the role they can play in determining the future course of the Australia–China relationship.

18.5 The Australia–China Council highlighted the value in bilateral exchange for younger Australians and Chinese:

There are very senior Chinese government figures now making regular visits to Australia, but it is often the less senior ones, the younger members of the delegation—those who will be the leaders of tomorrow—whose memories and contacts will be vital in the future. We feel that the need to encourage exchange between middle-level public servants and postgraduate students from all disciplines is a really key area for expansion.¹

18.6 The committee is aware that the Australian Political Exchange Council facilitates bilateral visits between future Chinese and Australian leaders. According to

1 D. Dysart, *Committee Hansard*, 29 June 2005, p. 32.

its website, the Council's exchange program fosters long-lasting ties and friendships between future generations of political leaders in Australia and other countries.²

18.7 The first Australian delegation to China occurred in 1984, and China sent its first delegation in return in 1985. Australia sent its 14th delegation in August 2005.³ The visit programs encompass meetings with government officials across a number of policy areas, briefings from Australian government representatives working in China, and visits to sites of historical and cultural significance.

18.8 The committee considers that these lower level bilateral exchanges and visits are important to the future of Australia's political relationship with China. They create positive impressions in the minds of future leaders from both nations at important formative stages of their careers. They also promote greater understanding of different government forms, and provide an avenue for the development of professional and political contacts.

Cross jurisdictional policy cooperation

18.9 Evidence presented to the committee highlighted the extent to which various Australian and Chinese government departments cooperate with one another on common policy challenges. This aspect of the bilateral relationship should not be understated—it provides an important mechanism for developing personal links between officers at varying levels of government, and also enables both governments to learn about one another and benefit from each other's experience.

18.10 The Department of Family and Community Services (FaCS) told the committee about policy exchange programs it has with various Chinese government authorities. Mr Peter Hutchinson, FaCS, informed the committee that, over the last five or six years, FaCS has established a strong relationship with a number of ministries in China and has carried out a number of cooperative activities with these ministries. They are intended to advance issues of mutual interest in the area of social security and to extend Australia's influence in China. FaCS considers that this cooperation also creates opportunities for Australian business.⁴

18.11 FaCS detailed its work with the Chinese National Development and Reform Commission (NDRC), to assist China rebuild communities affected by the Chinese government's economic reform program.⁵ Through its work, FaCS has been able to familiarise NDRC with the governance mechanisms in Australian communities.⁶ For

2 <http://www.polexchange.org.au> (accessed 5 July 2005).

3 <http://www.polexchange.org.au> (accessed 5 July 2005).

4 P. Hutchinson, *Committee Hansard*, 21 June 2005, p. 22.

5 FaCS, *Submission P25*, p. 3.

6 T. Murton, *Committee Hansard*, 21 June 2005, p. 23.

example, the Chinese Urban Minimum Livelihood Guarantee scheme in Shanghai is derived from an Australian model:

The Shanghai municipal government actually instituted a pilot program to provide a basic living or subsistence allowance for residents of that city. When it was exploring what options were available, it was particularly impressed by the Australian social security system.⁷

18.12 China and Australia also cooperate and exchange policy ideas in response to the problems surrounding their ageing populations.⁸ FaCS is also working with the Chinese government to conduct pilot studies into the applicability of the Stronger Families and Communities Strategy in the Chinese context.⁹

18.13 FaCS indicated that employees of various Chinese ministries, departments and boards visit Australia for training and experience. The focus has been on study tours, but is increasingly shifting towards placements with the department. These placements enable the nominated officer to understand how FaCS works, and how the government interacts with non-government organisations (NGOs). FaCS has also facilitated placements between the Shanghai Municipal Labour and Social Security Bureau and Centrelink.¹⁰

18.14 AusAID indicated that it has initiated a China–Australia governance program based on developing links between Australian and Chinese government agencies. It focuses on areas of mutual interest such as trade-related reform and fiscal management:

The program involves in the first instance looking at government-to-government linkages. We are about to start a program with Treasury here providing training to the National Development and Reform Commission and the Ministry of Finance in China on particular fiscal reform matters. We are also involved in developing links with Family and Community Services on the social safety net and those sorts of things.

In the second part of the program we are also developing a more comprehensive approach to fiscal reform and China has indicated an interest in some of our program budgeting processes and intergovernmental fiscal transfers.¹¹

18.15 AusAID advised that Chinese officers visit Australia to undertake training or participate in study tours. In-country training is also provided. When AusAID undertakes missions to China, it includes personnel from other Australian government

7 T. Murton, *Committee Hansard*, 21 June 2005, p. 23.

8 L. Trainor, *Committee Hansard*, 21 June 2005, pp. 28–29.

9 L. Trainor and T. Murton, *Committee Hansard*, 21 June 2005, p. 28.

10 T. Murton, *Committee Hansard*, 21 June 2005, p. 28.

11 R. Taylor, *Committee Hansard*, 14 June 2005, p. 4.

departments.¹² AusAID also advised that the delivery of its aid programs is coordinated with the local provincial or national government.¹³

18.16 In April 2005, the Minister for Justice and Customs, Senator the Hon Chris Ellison, announced that an MOU on cooperation between Australian and Chinese law enforcement agencies had been renewed.¹⁴ Under the auspices of the MOU, Australian and Chinese law enforcement agencies will cooperate to combat transnational crime through the exchange of information, locating persons of interest and the exchange of technical and scientific expertise to enhance the law enforcement capabilities of each country. As a result of the new MOU, a team of officials will travel to China to discuss closer ties on these issues.¹⁵

18.17 Ms Vivienne Bath commented that Australian regulators such as the Australian Securities and Investment Commission, the Australian Prudential Regulation Authority, and the Australian Competition and Consumer Commission have relations with organisations such as the Chinese Securities Regulatory Commission. Through these relationships, Australian government agencies provide advice and assistance to Chinese authorities aimed at improving corporate governance. Australia also provides judicial training, and Australian lawyers have provided input into the Chinese corporate law reform program.¹⁶

18.18 The Federation of Ethnic Communities' Councils of Australia (FECCA) informed the committee that the Australian Multicultural Foundation (AMF) has been engaged in an exchange with the Chinese Department of Ethnic Affairs. According to FECCA, the exchange has 'facilitated the building of relationships between the Chinese community, ethnic minority groups in China and the Chinese Department of Ethnic Affairs'.¹⁷

18.19 The evidence before the committee suggests that links between Australian and Chinese government institutions are beneficial for both nations. They foster amity, create a greater appreciation of common problems facing both nations, and allow personnel from both nations to increase their skills base. Policy and personnel exchange also assists to develop interpersonal relationships between officers at the middle levels of government who may go on to be future leaders, decision-makers.

12 R. Taylor, *Committee Hansard*, 14 June 2005, p. 12.

13 R. Taylor, *Committee Hansard*, 14 June 2005, p. 14.

14 Senator the Hon Chris Ellison, Media Release 'Australia and China strengthen law enforcement ties', 6 April 2005, <http://www.ag.gov.au/www/justiceministerhome.nsf> (accessed: 3 August 2005).

15 Senator the Hon Chris Ellison, Media Release 'Australia and China strengthen law enforcement ties', 6 April 2005, <http://www.ag.gov.au/www/justiceministerhome.nsf> (accessed: 3 August 2005).

16 V. Bath, *Committee Hansard*, 1 August 2005, p. 89.

17 FECCA, *Submission P14*, p. 2.

Sub-national government links

18.20 As Australia increasingly integrates itself into the global economy, state, territory and local governments are assuming a more proactive stance and developing their own international profiles. Their activities, including the formation of links independent of the Federal government, are adding to the increasingly complex networks of international association characteristic of the modern globalised era.

18.21 Commentators have noted the proliferation of sub-national actors forming links between China and Australia. Ms Elizabeth Pitts, in an article examining the scope of sub-national links, has stated:

The economic and political relationship between national level governments of Australia and China has gone from strength to strength over the past three decades since the normalisation of diplomatic relations in 1972...With relatively few exceptions, the substantive links between sub-national actors in Australia and China have been seemingly under-represented in the existing analysis of Sino-Australian relationships.¹⁸

18.22 Governments in Western Australia, Queensland, New South Wales and Victoria have been active in establishing links with China. Approximately 60 per cent of links are with counterparts from the more economically developed eastern coastal regions of China.¹⁹ According to Ms Pitts, localities that share the same problems and issues are likely to join together. Ms Pitts likens the process of establishing sister relations to a love affair:

There is a period of wooing, followed by a series of ritualised processes through which the two partners must pass, culminating in an agreement that is presumably going to last forever. How the relationship progresses after being established is contingent on the behaviour of both sides.²⁰

18.23 Sub-national links usually take one of four forms: Australian state to Chinese province/municipality; Australian state level department to Chinese provincial or municipality level commission; Australian region to Chinese city or region; or sister city/shire relationships.²¹

18 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia-China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia-China Relations: 1972 to the Present*, Ashgate, London, 2004, pp. 67-68.

19 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia-China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia-China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 69.

20 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia-China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia-China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 72.

21 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia-China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia-China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 74.

18.24 Sub-national links between China and Australia are often facilitated by formal sister state/province, sister city or friendship city relationships. Evidence to the committee suggests that the provinces and cities of China exercise considerable autonomy in the initiation and subsequent conduct of their sister relationships. Sister relationships therefore offer Australian lower level governments the opportunity to develop bilateral relationships, outside of more traditional national-level linkages and networks. Professor John Fitzgerald attributes much of China's recent economic success to the capacity for lower level governments to generate their own international linkages:

The dynamism of the Chinese economy today is due to the relative autonomy of local communities in governing themselves and of local party heads in cultivating international economic relations. It is not all driven from Beijing by any means. Much of China's success is due to the relatively autonomous behaviour of provincial heads.²²

18.25 Dr David Goodman commented on China's economic regionalism and the opportunities this offers sub-national entities for developing bilateral relationships.²³

State and territory governments

18.26 Every Australian state and territory has a sister state relationship with a province of China, except the Northern Territory. This committee noted in its 1996 report that:

The role of State governments and their relationships with Chinese local/provincial governments cannot afford to be overlooked in Australia's economic relations with China. They are likely to become more, not less, important with the decentralisation of economic and political power in China.²⁴

18.27 That prediction has been realised—this inquiry has received considerable evidence to suggest that linkages between Chinese provinces and the states and territories of Australia have strengthened in the decade since this committee last considered the bilateral relationship. The links between the various states and their Chinese counterparts are shown below at Table 18.1.

22 J. Fitzgerald, *Committee Hansard*, 27 June 2005, p. 86.

23 Dr David Goodman, 'China's Provinces and Australia's States: Sister States and International Mates', Colin Mackerras (ed.), *Australia and China: Partners in Asia*, Macmillan, South Melbourne, 1996, p. 172.

24 Senate Foreign Affairs Defence and Trade References Committee, *Australia China Relations*, June 1996, p. 119.

Table 18.1: Australian state—Chinese province relationships²⁵

Australian state/territory	Chinese province
New South Wales	Guangdong
Queensland	Shanghai
ACT/Canberra	Beijing
South Australia	Shandong
Tasmania	Fujian
Victoria	Jiangsu
Western Australia	Zhejiang

18.28 As part of his research into the nature of state government linkages with Chinese provinces, Dr Goodman found that the major reason advanced for having a sister relationship was:

They provide a forum within which friendly relations can develop—along with a greater understanding of social, cultural and political sensitivities—and a framework for companies to pursue business opportunities.²⁶

18.29 He commented that sister-state relationships were also viewed as an important political signal on how relations with China are viewed in the broader bilateral context:

It is a symbol of long-term commitment and thus can be regarded as a plank in the development of Australia–China relations as a whole. Moreover, as part of that long-term commitment, it ensures the development within Australia and individual Australian States of specialist knowledge and expertise about China.²⁷

18.30 The major weaknesses of sister state relationships were listed as 'a lack of appropriate economic information' and understanding about the capabilities of industry, the 'difficulties in bringing together two different economic and cultural

25 www.acbc.com.au (accessed 1 September 2005).

26 Dr David Goodman, 'China's Provinces and Australia's States: Sister States and International Mates', Colin Mackerras (ed.), *Australia and China: Partners in Asia*, Macmillan, South Melbourne, 1996, p. 179.

27 Dr David Goodman, 'China's Provinces and Australia's States: Sister States and International Mates', Colin Mackerras (ed.), *Australia and China: Partners in Asia*, Macmillan, South Melbourne, 1996, p. 180.

systems with different expectations, processes and infrastructures', and the cost of maintaining relationships.²⁸ Lack of funding was identified as a major weakness in relation to cultural and educational exchanges.²⁹

18.31 The committee considers that Chinese regionalism and provincial political autonomy offers great opportunities for Australian sub-national actors to form bilateral networks. Sister relationships provide social, political, and economic benefits for both nations.

18.32 The activities of Australian state and territory governments in China occur both within and outside of sister city relationships. The following section looks at the nature of the relationships between China and Western Australia, Queensland and Victoria.

Western Australia

18.33 The submission from the Western Australian (WA) government stated that Western Australians have long enjoyed deep social and cultural links with China and have had strong political links for some decades. The WA government has a systematic program to further strengthen and deepen its relationship with China and it nurtures this relationship through frequent and regular exchanges and visits at the most senior government level.³⁰ It has 'a strong sister state relationship and a number of cultural exchanges and guest nation programs'.³¹

18.34 The WA government maintains a presence in its own right at Australia–China trade fairs, exhibitions and conferences, provides trade commissioners and participates in joint studies and feasibility investigations with China. It also works closely with DFAT and Austrade in relation to the proposed FTA with China. It has established links with China in education and agriculture and developed various policy initiatives with both national and provincial-level Chinese governments across a range of portfolios.³²

18.35 The WA Government and other witnesses from WA underlined the value of the state's 18–year sister state relationship with Zhejiang Province.³³ Mr Jeff Gunningham told the committee that, at the secondary and primary school level, the

28 Dr David Goodman, 'China's Provinces and Australia's States: Sister States and International Mates', Colin Mackerras (ed.), *Australia and China: Partners in Asia*, Macmillan, South Melbourne, 1996, p. 180.

29 Dr David Goodman, 'China's Provinces and Australia's States: Sister States and International Mates', Colin Mackerras (ed.), *Australia and China: Partners in Asia*, Macmillan, South Melbourne, 1996, p. 181.

30 WA Government, Department of the Premier and Cabinet, *Submission P45*, p. 25.

31 M. Beach, *Committee Hansard*, 1 August 2005, p. 15.

32 WA Government, Department of the Premier and Cabinet, *Submission P45*.

33 WA Government, Department of the Premier and Cabinet, *Submission P45*, pp. 26–27.

Department of Education uses the sister state relationship with Zhejiang to facilitate student and teacher exchanges.³⁴ Dr Gary Sigley indicated that the University of Western Australia's (UWA's) recently established Confucius Institute worked extensively through WA's sister state relationship.³⁵

Queensland

18.36 The Queensland Government has developed a considerable trading relationship with China, as well as a significant amount of inter-government interaction.³⁶ It established a sister state relationship with the Shanghai Municipal Government in 1989. In July 2004, the Premier of Queensland, The Hon Peter Beattie MP, and Mayor Han Zheng signed the Seventh Memorandum of Understanding of Agreed Cooperation between the governments for the period 2005–2007. In July 2004, Premier Beattie also signed an MOU on Promoting Friendly Exchanges between Queensland and Guangdong Province with the Governor of Guangdong, Mr Huang Hua.³⁷

18.37 Queensland has established a Queensland Government Trade and Investment Office in Hong Kong. The Queensland China Council has also been in existence since 1988, and actively works to promote and facilitate commercial, cultural, educational technological and scientific interchanges throughout China.³⁸

18.38 In April 2004, the Queensland government and the Municipal People's government of Jiangmen City signed a Letter of Intent. Areas of cooperation under the auspices of the letter include project development and planning, landscaping and construction. The Hon Tom Burns AO also signed an MOU with the Shandong Agricultural Delegation to deepen and broaden areas for cooperation in agricultural trade and exchange.³⁹

Victoria

18.39 Victoria has had a sister state relationship with Jiangsu Province since 1979.⁴⁰ The relationship features regular reciprocal visits by senior government officials. The Victorian Premier, the Hon Steve Bracks MP, has visited Jiangsu twice, most recently in 2004. Visits to Victoria by several Vice-Governors of Jiangsu have also been

34 J. Gunningham, *Committee Hansard*, 1 August 2005, p. 26.

35 G. Sigley, *Committee Hansard*, 1 August 2005, pp. 67–68.

36 Premier of Queensland and Minister for Trade, *Submission P1A*, p. 2.

37 Premier of Queensland and Minister for Trade *Submission P1A*, p. 2.

38 Premier of Queensland and Minister for Trade *Submission P1A*, p. 2.

39 Premier of Queensland and Minister for Trade *Submission P1A*, p. 3.

40 Victorian Government, *Submission P47*, p. 1.

frequent in recent years.⁴¹ According to the Victorian government, the relationship with Jiangsu 'is the most mature and well developed of Victoria's sister state relationships', and has been used to facilitate sporting and cultural exchanges, as well as visits by study groups.⁴²

18.40 The committee recognises the many benefits accruing from the various state and territory government's sister relationships with their Chinese counterparts. The committee wishes to acknowledge the invaluable activities these governments also undertake to promote Australia's commercial, educational, social, cultural and political profile in China, outside of the sister state framework.

Local governments

18.41 Sister city/shire relationships are the most common type of sub-national relationship, and entail the linkage of Australian city and shire councils with city level governments in China.⁴³ The statistics relating to the prevalence of sister city links are conflicting. The Australian Sister Cities Association lists 50 'Affiliations with China', shown below in Table 18.2.⁴⁴ Ms Pitts has stated that, depending on the organisation consulted, numbers can range from 30 to over 80 linkages.⁴⁵

41 <http://www.dpc.vic.gov.au/CA256D8000265E1A/page/Government+Initiatives-Victoria's+Sister+States!OpenDocument&l=10-Government+Initiatives~&2=60-Victoria's+Sister+States~&3=~> (accessed 30 August 2005).

42 <http://www.dpc.vic.gov.au/CA256D8000265E1A/page/Government+Initiatives-Victoria's+Sister+States!OpenDocument&l=10-Government+Initiatives~&2=60-Victoria's+Sister+States~&3=~> (accessed 30 August 2005).

43 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia–China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia–China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 74.

44 Australian Sister Cities Association, *Register of Affiliations*, pp. 3–4, <http://www.asca.asn.au/documents.html> (accessed 11 August 2005).

45 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia–China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia–China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 69.

Table 18.2: Register of Affiliations between Australian and Chinese Cities⁴⁶

Australian town/city	Chinese town/city	Australian town/city	Chinese town/city
ANMATJERE, NT	Dong–Sheng, Inner Mongolia, AR	LATROBE CITY, VIC	Taizhou City
ARARAT, RURAL VIC	Taishan, Shandong Province	LAUNCESTON, TAS	Taiyuan, Shanxi Province
ARMADALE, NSW	Yanji	MELBOURNE, VIC	Tianjin, Tianjin Province
BANKSTOWN, NSW	Shijizhuang	MAROOCHY SHIRE, QLD	Xiamen
BAW BAW, VIC	Jiujiang, Jiangxi Province	MAROOCHY SHIRE, QLD	Chengdu
BLACKTOWN, NSW	Liaocheng City	MAROOCHY SHIRE, QLD	Anqui
GREATER BENDIGO, VIC	Tianshui, Gansu Province	MORELAND, VIC	Xianyang, Henan Province
BRISBANE, QLD	Shenzhen, Guandong Province	MOSMAN, NSW	Mudanjiang, Heilongjiang Province
BROKEN HILL, NSW	Taixing	MURRAY BRIDGE, SA	Sanmenxia
BUNDABERG, QLD	Naning City, Guangxi Province	NARRANDERA, NSW	Ulumugi, Xinjiang Uygur
CAIRNS, QLD	Beihai, Guangx Zhuang	PERTH, WA	Nanjing
CHARTERS TOWERS, QLD	Daqing	PORT ADELAIDE, SA	Zhi–Fu Yantai City Shandong Prov.
CITY OF PORT ADELAIDE, SA	Yantai, Shandong Province	PORTLAND, VIC	Zhangjiagang
COCKBURN, WA	Yueyang, Hunan Province	PORT PIRIE, SA	Suizhou, Hubei Province
DANDENONG CITY (City of Greater), VIC	Xuzhou, Jiangsu Province	ROCKDALE, NSW	Tanggu
DARWIN, NT	Haikou, Hainan Province	SHOALHAVEN, NSW	Jiamusi, Heilongjiang Province
DUBBO, NSW	Wujiang, Jiangsu Province	SOUTH GIPPSLAND, VIC	Jinshan
EAST GIPPSLAND, VIC	Weifang	SOUTHERN GRAMPIANS, VIC	Gaoyou
GEELONG (City of Greater), VIC	Lianyungang, Jiangsu Province	SYDNEY, NSW	Guangzhou, Guangdong Province
GOLD COAST, QLD	Beihai, Guangxi Zhuang	TOOWOOMBA, QLD	Jingmen, Guangdong Province
GOULBURN, NSW	Jiangdu	TOWNSVILLE, QLD	Changsha, Hunan Province
GREATER LITHGOW, NSW	Pingdingshan, Henan Province	WAGGA WAGGA, NSW	Kunming, Yunnan Province
HARVEY BAY, QLD	Leshan	WHYALLA, SA	Ezhou Hubei Province
HURSTVILLE, NSW	Changzhou	WOLLONGONG, NSW	Longyan
KOGARAH, NSW	Ma’anshan City	YOUNG, NSW	Lanzhou, Gansu Province

18.42 The Australian Local Government Association (ALGA), representing 673 local councils across Australia at the national and international level, stated that the

46 Source: Australian Sister Cities Association, *Register of Affiliations*, pp. 3–4, <http://www.asca.asn.au/documents.html> (accessed 11 August 2005).

purpose of sister city relationships is to foster close cultural and business ties with regions in China. Several Australian cities have links with Chinese counterparts, including Adelaide, Brisbane, Gold Coast, Hurstville, Melbourne, Perth, Port Adelaide, Port Pirie, Sydney and Wollongong.⁴⁷ The committee will now look at two of these sister city links.

Wollongong City Council

18.43 Wollongong City Council (WCC) has a friendship city agreement with the City of Longyan in Fujian Province. The relationship started with intercity visits in 1998 and 1999, and was formalised in 2000.⁴⁸ The MOU between Wollongong and Longyan 'ensures promotion and cooperation between the two cities to facilitate student exchanges and cooperation in various fields including industry, agriculture, forestry, animal husbandry, trade, science and technology, culture, education, environment protection and health'.⁴⁹

18.44 Wollongong also has relations with China outside of its sister city relationship in sporting, cultural, commercial, and social activity and actively promotes itself within China as a tourist destination.⁵⁰

18.45 Mr Bob Doyle informed the committee that the sister city relationship began originally as a political initiative, but has increasingly led to the development of broader cultural, educational, sporting and commercial links between Longyan and Wollongong.⁵¹ He emphasised council's proximity to the local community and their capacity to foster people-to-people connections:

The various local governments are the ones who have the relationships with the cities and the people, so I would say it is a vital link. If you do not have that, you do not have a link—you have an artificial talk-to-talk. But if you do not have local government involved, it is not going to go anywhere. I strongly make the point that I think local government is an absolutely vital link in it, because that is where the people will come from. The people who will assist—whether they be tourists or exchange students or whatever—will all come out of local government and the community, certainly with the aid of state and federal governments, but I think this is a 'be on the ground' situation.⁵²

18.46 Mr Doyle also underlined the need for genuine engagement that produces tangible outcomes:

47 Australian Local Government Association, *Submission P67*, pp. 4–6.

48 Wollongong City Council, *Submission P10*, p. 3.

49 http://www.wollongong.nsw.gov.au/2943_2972.htm (accessed 11 August 2005).

50 Wollongong City Council, *Submission P10*, pp. 2–14.

51 R. Doyle, *Committee Hansard*, 29 June 2005, p. 88.

52 R. Doyle, *Committee Hansard*, 29 June 2005, p. 88.

You cannot have a ‘We’ll come over and see each other a couple of times a year and tell each other how great we are’ approach. For us, it has to be real; and there have to be positive outcomes for the other people we talk to, without any question—for our kids, which is what it is all about.⁵³

Brisbane City Council

18.47 Brisbane City Council (BCC) has had a sister city relationship with Shenzhen, a seaboard city in the south of Guangdong Province, since 1992.⁵⁴ Shenzhen occupied the John Reid Pavilion at the 2005 Royal Queensland Show. The show is an annual event to promote Queensland's industrial, pastoral and agricultural resources, and has been running for almost 130 years.⁵⁵

18.48 The Shenzhen exhibit was one of the largest undertaken by a single exhibitor at the show and incorporated merchandise, business development for importers and exporters, networking and hospitality events, fashion and cultural performances from the Shenzhen Dance Troupe. Shenzhen's participation in the Royal Queensland Show was promoted as another successful venture under the auspices of the sister city relationship:

This event is a clear indication of the strength of the sister city relationship between Brisbane and Shenzhen and provides a building platform for future business and economic links between our two cities.⁵⁶

18.49 The committee considers that the ability of local governments to foster people-to-people links, promote economic cooperation, and increase understanding and cultural exchange should not be understated nor undervalued. The work of local governments, such as Wollongong City Council and Brisbane City Council, is vital to strengthening the overall bilateral relationship between China and Australia. The committee now turns to consider what actions could be taken at the national, state and local levels to build upon the work done by the various levels of government to date.

53 R. Doyle, *Committee Hansard*, 29 June 2005, pp. 92–93.

54 <http://www.apcsummit.org/brisbanesistercities/> (accessed 29 August 2005).

55 http://www.epa.qld.gov.au/cultural_heritage/places_and_meanings/ekka_history/ (accessed 7 September 2005).

56 Cr Campbell Newman, Lord Mayor of Brisbane and Mr Xu Zongheng, Mayor of Shenzhen, *Welcome Statement: Brisbane–Shenzhen Sister City Relationship*, Shenzhen Exhibit, Royal Queensland Show.



The Shenzhen exhibit at the Royal Queensland Show

Sub-national linkages—working together effectively?

18.50 In its 1996 report, this committee noted that state and federal government agencies often did not cooperate or coordinate effectively with one another in relation to their activities in China.⁵⁷ It found that Australia needed a forum in which all three tiers of government with relations with China could meet and discuss strategies to gain the most benefit.⁵⁸ The committee recommended that federal, state and local governments that have a relationship with China should meet to discuss the benefit of establishing an annual conference to discuss issues related to economic relations with China. The committee also suggested that consideration should be given to involving peak industry and other bodies with interests in China in such a national conference.⁵⁹

18.51 Despite this recommendation for coordinated action, the issue has arisen again in this inquiry as one of the main difficulties in relation to the proliferation of links across the different levels of governmental. The degree to which the levels of

57 Senate Foreign Affairs Defence and Trade References Committee, *Australia China Relations*, June 1996, p. 119.

58 Senate Foreign Affairs Defence and Trade References Committee, *Australia China Relation s*, June 1996, p. 119.

59 Senate Foreign Affairs Defence and Trade References Committee, *Australia China Relation s*, June 1996, Recommendation 10, p. 120.

government are aware of each other's work, and actively coordinating their activities would still seem to be problematic. Ms Valerie Kelly stated:

State and federal governments do not seem to know what the other is doing ...State governments do not seem to relate to what the federal government is doing. There needs to be more communication in that area. Australian businesses, universities and research centres do their own thing. So what little competitive edge we have as a country is gone. It is lost in the wash because of a lack of communication and integration between the networks that Australia has in China. We need to work together to form an analysis of what each of us is doing and try to develop a strategy...In summary, the biggest challenge for us is inside: we have to face our own inadequacies first before we tackle the inadequacies we face outside.⁶⁰

18.52 Ms Elizabeth Pitts has also argued that Australian governments need to develop an effective mechanism to increase cooperation between the various Australian governments and departments that have established relations with China. She noted that 'A related issue is how to gain more data from participants in both Australia and China and how to increase transferral of information between them'.⁶¹ She stated further that the growing number of interested parties in sub-national agreements creates an identifiable and increasing need for an improved working model to capture all of the possible outcomes of these collaborations.⁶² Such an initiative would be useful to coordinate activity, and would also provide the federal government—and indeed other governments and stakeholders—with a means to identify and utilise pre-existing networks of association and communication between Australia and China:

The national governments would be well placed to look beyond the identification of economic complementarities and attempt to implement strategies that use and strengthen the channels of communication that have been established by sub-national governments over the past 20 years.⁶³

18.53 On the degree to which these relationships spring up independently from the central government, and the need for Australian governments to coordinate their activities, Mr Gary Woodard, a former Australian Ambassador to China, stated:

In regard to China, coordinating Australian federal and state relations in overseas activities may seem an excessively complicated challenge. But it

60 V. Kelly, *Committee Hansard*, 1 August 2005, p. 18.

61 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia–China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia–China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 81.

62 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia–China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia–China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 68.

63 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia–China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia–China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 68.

is not a new situation and it has always been a challenge. Similarly, in China, coordinating the provinces is an even greater challenge and one they have not yet solved. I will give an example. When sister state relations were being entered into in 1984—those relations were entered into first by Victoria and then by New South Wales—suddenly another state, Fujian, announced it was having a sister city relationship with a state of Australia. The central government in Beijing had no idea that those negotiations had been taking place and at the time I think they had some reservations about that particular relationship. I suppose in that respect we have a common interest at the national level with the national or central government in China in being as aware as possible of what is going on. But I am sure on many occasions differing interests will be pursued and it will be possible to call into line either states or provinces. However, the aim is to know as much as possible about what is going on and to attempt to ensure that what happens is orderly and serves the total interests of each country and of the relationship.⁶⁴

18.54 Federal constitutional arrangements may also limit the extent to which state and local governments have the authority to undertake projects suggested by Chinese counterparts.⁶⁵ Ms Pitts provided an example where Chinese interlocutors proposed a prawn farming and tuna fishing initiative with Queensland. This encountered several problems, including restrictions on foreign workers and the Federal government's jurisdiction over fishing licenses:

The Queensland government does not have the power to allow projects such as these to go ahead, but could positively support negotiations regarding these projects between other parties. The contrariety between the powers of various levels of government in a federal system is exacerbated when opposing parties hold office at different tiers of governance.⁶⁶

18.55 It has been suggested that to develop and benefit fully from the establishment of sub-national linkages, information needs to be gathered concerning the nature of current relationships and guidance provided to parties interested in initiating such linkages.⁶⁷ Ms Pitts suggested establishing a body specifically tasked as a national coordinating agent. The duties performed by this body could include the collation and dissemination of data related to sub-national linkages, and the monitoring of activities under sub-national agreements. This body would promote the benefits of sub-national

64 C. Woodard, *Committee Hansard*, 27 June 2005, p. 26.

65 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia–China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia–China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 79.

66 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia–China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia–China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 79.

67 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia–China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia–China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 79.

links, and would provide advice on the range and nature of activities undertaken by those party to the associations. She explained:

The scopes of agreements have broadened to include most facets of modern life. However with a few specific joint objectives and a small amount of coordination, many more exciting opportunities could be borne from the tangle of international community ties.⁶⁸

18.56 Ms Pitts envisaged that this peak body would either sit in the Australia–China Council or be outsourced to an education institution such as AsiaLink or the Australian National University.

18.57 The committee notes that in 1996 it made specific recommendations regarding the need for greater inter-government cooperation and coordination. It believes that almost a decade later, the situation still needs to be addressed. While ever there is a lack of awareness and cooperation between all levels of government, opportunities go begging. Australia cannot fully extract the benefits from growing numbers of links between Australia and China unless it acts in a considered and coordinated manner. Given the current FTA negotiations, it would seem timely to acquire a more complete picture of the multiple levels of engagement and activity in China and work to develop and implement a coordinated strategy.

Recommendation 26

18.58 The committee recommends that the Department of Foreign Affairs and Trade consult with representatives from the states and cities involved in a sister city relationship to develop strategies that will help them forge better trade ties and social and cultural links with their respective sister relationships in China. An annual gathering of interested parties, coordinated by DFAT, would provide an ideal forum for all involved in sister city relations to develop an effective communication network so they can benefit from each other's experience and provide valuable advice for those considering entering a sister city relationship.

Non-government organisations

18.59 In addition to the evidence outlining the nature of sub-national government links, the committee has received evidence outlining the role that non-government organisations (NGOs) play in forming bilateral links with China.

18.60 NGO links are another element of the increasingly complex and multifaceted relationship between Australia and China. A number of Australian and international NGOs either operate in China, or have connections with Chinese NGOs. It should be emphasised, however, that Chinese NGOs are different to the NGOs operating within Australia.

68 Ms Elizabeth Pitts, 'Collaborators, Business Partners, Friends: Australia–China Sub-national Government Relations', Nicholas Thomas (ed.), *Re-Orienting Australia–China Relations: 1972 to the Present*, Ashgate, London, 2004, p. 81.

18.61 Professor Stephen Fitzgerald noted that civil society and NGOs are new to Chinese society.⁶⁹ He claimed that the seeds of today's Chinese civil society were laid by Deng Xiaoping after 1978 'with the opening not of the Chinese economy, but of the Chinese mind, to ideas and influences *outside* what officialdom offered...but it was only at the end of the 1990s that the concept, and the reality, were permitted to emerge into the open'.⁷⁰

18.62 Professor Fitzgerald claimed that over the past decade, the Chinese government has moved from tacit acceptance to open encouragement of civil society (although with notable exceptions, including the Falun Gong movement). Chinese NGOs now operate in a number of fields, but are most active in relation to poverty and the disadvantaged, equity, education, HIV/AIDS, and gender.⁷¹ Environment is also an area of considerable NGO activity. NGOs can only operate as long as they are not viewed as a threat to the political order. They are subject to government interference, and cannot operate with the same degree of freedom as Western NGOs.⁷²

NGO relations with China

18.63 Ms Alison Tate, ACTU, stated that the ACTU has good communications with the All China Federation of Trade Unions (ACFTU). The ACTU noted, however, that the ACFTU is structured differently to traditional trade unions. It must operate under restrictive rules of association, and does not directly elect its representatives. It lacks sufficient independence to qualify for membership to the International Confederation of Free Trade Unions.⁷³

18.64 The last ACTU delegation to China was in 1989, and there were plans to send a delegation during 2005. Ms Tate indicated that the ACTU's relationship with the ACFTU works as a bilateral dialogue process, covering issues such as workers' rights, labour standards and human rights more broadly.⁷⁴ It stated that it works outside of formal and more traditional bilateral government dialogue processes, and is in the process of establishing civil society bilateral links:

The ACTU participates through the network of non-government organisations in the bilateral annual discussions. We are not going to Beijing as part of the dialogue that is happening in the coming weeks. But

69 Stephen Fitzgerald, *China 2001–2010: An Update*, additional information provided by AusAID, p. 27.

70 Stephen Fitzgerald, *China 2001–2010: An Update*, additional information provided by AusAID, p. 27.

71 Stephen Fitzgerald, *China 2001–2010: An Update*, additional information provided by AusAID, p. 27.

72 Stephen Fitzgerald, *China 2001–2010: An Update*, additional information provided by AusAID. p. 27; see also J. Chen, *Submission P60*.

73 A. Tate, *Committee Hansard*, 27 June 2005, pp. 72–73.

74 A. Tate, *Committee Hansard*, 27 June 2005, pp. 73–74.

we have actively participated with other non-government bodies, parts of civil society in Australia, trying to strengthen the cross-sectoral human rights dialogue with Chinese based civil society organisations. The ACFTU, the Chinese trade unions, do participate in human rights bilateral dialogues with EU members and in dialogues with other countries, but until this year there had not been an opportunity to have a direct civil society to civil society dialogue—previously, it was government to government only.⁷⁵

18.65 The union indicated that, to date, it has not been able to engage openly on human rights issues, but that it hopes to in the future. The ACTU drew the committee's attention to the many unofficial human rights and labour rights groups in China.⁷⁶ The ability to form and establish relationships with alternative, non-government entities forms a vital part of the bilateral relationship, creating alternative networks of association, and also assists China to move towards a more democratic social and political model.

18.66 The Australian Fair Trade and Investment Network (AFTINET) and the Australia Tibet Council indicated that they have links with community organisations in China and discussed a number of issues surrounding human rights and working conditions. These organisations also have links to the Chinese and Tibetan Australian communities. Dr Patricia Ranald from AFTINET stated:

We have met with community organisations in both Hong Kong and China that work in China, and so our information, for example, about labour and environmental issues in China is informed by those sorts of direct community contacts.⁷⁷

The benefits of NGO relations

18.67 The benefits arising from NGO relations are obvious when efforts lead to improvements in the living conditions and political, economic and social rights, protections and freedoms of the Chinese people. NGO's work in raising awareness of issues affecting the Chinese population is also apparent in campaigns aimed at the general public. One of the less widely acknowledged and publicised benefits of bilateral association comes, however, through the creation of interpersonal contacts and networks of association, and the subtle and indirect impact of exposure to the forms and methods of association inherent in NGO structures and operations.

18.68 Dr Jie Chen drew the committee's attention to the complex network of civil society connections between Australia and China and the 'increasing interest by civil society NGOs in China and by NGO activists and campaigners in Australia'.⁷⁸ He told

75 A. Tate, *Committee Hansard*, 27 June 2005, p. 74.

76 A. Tate, *Committee Hansard*, 27 June 2005, p. 75.

77 P. Ranald, *Committee Hansard*, 29 June 2005, p. 5.

78 J. Chen, *Committee Hansard*, 1 August 2005, p. 76.

the committee that he has studied forms of networking and cooperation between NGOs on issues such as environment, conservation, gender equality, children, animal wellbeing, health, development and aboriginal affairs. He made the point that:

These are...not really popular non-state relations that the public media is interested in. It is not business relations that I am talking about, nor is it the usual cultural and educational exchanges or tourism. I am talking about what is happening between the burgeoning civil society in China—that is, organised activism by citizens—and its Australian counterpart, which is far more developed.⁷⁹

18.69 Dr Chen claimed that the rise of Chinese civil society organisations reflects a common global phenomenon—the proliferation of organised participation by citizen groups in world affairs. He asserted this new phenomenon is giving rise to 'cross-border solidarity and joint advocacy and other collaborative projects between Australian NGOs and foreign NGOs on shared issues and values.'⁸⁰

18.70 In addition to the interpersonal networks built through NGO activity, Dr Chen considers that the trans-national networking and collaboration between the burgeoning Chinese NGO community and its Australian and Western counterparts is of direct benefit to Chinese society and politics. He claimed that, quite apart from the transfer of issue-specific skills from the West to Chinese civil society, these trans-national collaborations have larger socio-political implications for Chinese society. They stimulate interest among the Chinese population in volunteering and promote autonomous activism and grassroots empowerment.⁸¹

18.71 Dr Chen drew particular attention to research he has undertaken into a group of Australian activists concerned with the protection of bears in Sichuan province. The group operates bear sanctuaries, undertakes community education campaigns and education programs. He observed that their activities have:

...generated new Chinese activist NGOs which take the concept of the third sector very seriously. They make uniforms, they have learned skills from Australian activists and they have come to know that things can be done not by business or government authorities but by themselves. It may involve just bears and giant pandas, but the sense of autonomous activism and issue oriented advocacy has been generated, and that, in a society which is dominated by family and authority, can in the long run create an increasingly autonomous third sector. That bodes well for Chinese democratisation in the future.⁸²

79 J. Chen, *Committee Hansard*, 1 August 2005, p. 76.

80 J. Chen, *Committee Hansard*, 1 August 2005, p. 76.

81 J. Chen, *Committee Hansard*, 1 August 2005, p. 76.

82 J. Chen, *Committee Hansard*, 1 August 2005, p. 77.

18.72 Dr Chen asserted that participation in the work of NGOs 'is a very virtuous process of democratisation', allowing citizens to participate in non-politicised democratic processes. He contented:

Nothing is more dangerous than having a top-down democratisation in China when citizens are not even knowledgeable about how to associate themselves on issues like animal welfare or giant panda protection.⁸³

18.73 He described his recent visit to China, where he had observed the operation of a number of Chinese Government organised non-government organisations (GONGOs), and in particular, the All China Women's Federation:

I felt quite impressed that they seemed to have a lot of leeway and they usually cited the international experiences as reasons why they behaved in the way they were behaving now. They recalled the collaboration with international women's organisations through which they got knowledge about international treaties and conventions on gender equality. They knew how, say, Australian and American women NGOs did their business and lobbied governments and how their Western counterparts made use of international conventions on gender equality to benefit themselves in workplaces. So the door has been opened up, even for the Chinese GONGOs. It is really positive.⁸⁴

18.74 Dr Chen noted that trade union societies organised by the aid of state enterprise workers have successfully lobbied local authorities to improve their conditions. He also drew the committee's attention to an environmental campaign in the Xinjiang province against the construction of a dam. The environmentalists liaised and campaigned with international conservationists. Dr Chen stated that this liaison:

...provided...Chinese activists with international treaties on the environment that the Chinese government itself had signed and ratified. The grassroots community in China did not know a thing about what sort of international treaties their government had been signing and ratifying, so Western activists have given them the information. They used information to campaign against the Chinese government itself, and they were very successful in many cases.⁸⁵

18.75 Dr Chen emphasised that, in his view, the space for pluralisation in China is getting bigger. He claimed that, to a large extent, this can be attributed to the Chinese NGOs collaboration with the international NGO community. In his view, through interaction with the NGO community, Chinese NGO members learn advanced campaign and fund raising skills, meeting procedures and transparent decision-making processes. The financial relationships that Chinese NGOs have with international NGOs also improve transparency in annual auditing, annual reports and key performance indicators. Indeed, he believed that 'international collaboration is

83 J. Chen, *Committee Hansard*, 1 August 2005, p. 77.

84 J. Chen, *Committee Hansard*, 1 August 2005, p. 79.

85 J. Chen, *Committee Hansard*, 1 August 2005, p. 81.

probably the single most important contributor to the increased level of transparency and accountability'.⁸⁶

18.76 Dr Chen based his assertions about the role of NGOs in facilitating a smooth transition to democracy on his observations of Taiwan's democratic evolution, stating that the types of organisations that facilitated the smooth transition to Taiwanese democracy 'were almost exactly the sorts of NGOs we have in China today'.⁸⁷ Dr Chen emphasised the role that foreign NGOs had played in this process:

The international counterparts of Taiwanese NGOs such as Oxfam, World Vision and International Save the Children Alliance set up projects within Taiwan and therefore transferred some democratic practices and culture into the Taiwanese community. Without maturity and growth of the Taiwanese NGO community before democratisation, I would say the Taiwanese democratisation process would not have been as smooth as we are seeing today. Let us not lose sight of the contributions made by numerous grassroots activists in Taiwan... Numerous citizens already knew how to associate, how to organise themselves, because they had been doing so for years, except that it was on other issues, like the environment.⁸⁸

18.77 Dr Chen claimed that an examination of the processes of democratisation in other nations—such as Korea, Brazil, Mexico and Argentina—reveals 'common stories of burgeoning local civil society NGOs collaborating with Western campaign groups'.⁸⁹ He stated:

My point is that there is so much Western governments can do in putting pressure on China on the issue of human rights. There is so much that the UN and US Congress can do in improving China's chance of democratisation. What is equally important, judging from the early experiences involving China, is the subtle pluralising impact on Chinese society as a result of NGOs' collaboration across national borders, which may well not be on human rights at all; it may be on other things. But it helps slowly chip away China's authoritarian, family-dominated and authority-dependent political culture.

18.78 In his view, the growing presence of civil society organisations fills a vacuum in the Chinese process of development. He noted that while China has strong government, a strong army and a powerful business lobby, it lacks citizens with self-organising and advocacy skills:

What is lacking is issue-oriented, 'public good' oriented networks transcending family names and transcending family lineage. That is the indicator of growth of civil society. That is lacking—a sort of independent third sector. Traditionally, that is exactly what blocked the Chinese path

86 J. Chen, *Committee Hansard*, 1 August 2005, p. 83.

87 J. Chen, *Committee Hansard*, 1 August 2005, p. 78.

88 J. Chen, *Committee Hansard*, 1 August 2005, p. 78.

89 J. Chen, *Committee Hansard*, 1 August 2005, p. 81.

towards liberalisation...This third sector, as a concept and a reality, was never there in China. Unless we have that, any democratisation will have to be top down, depending on whether a reform-minded secretary-general of the party suddenly grabs power and starts having elections. But what can elections do for a population if nobody even knows how to campaign on SARS or the environment? That sort of election may not be terribly impressive.⁹⁰

18.79 Professor Stephen Fitzgerald was of the view that the growth of civil society may offer China an alternate path to political and social development than the model followed by western democracies. He considered that the emergence of Chinese civil society may be the most significant issue on the Chinese political landscape for some time to come but that it had a long way to go.⁹¹ He stated:

... but civil society has arrived, and the idea of civil society contributing importantly to the community and public life and to government has legitimacy. The issue now is not whether China will have a developed civil society but, having left behind a centuries-old idea of the relationship between government and governed, how it will work out a new 'social contract' between the society and its government. This is one of the most important issues of our time.⁹²

18.80 The committee considers Dr Chen's evidence and Professor Fitzgerald's writings, regarding the importance of NGO activity in assisting Chinese progress towards democratisation, highlight an additional way to strengthen and deepen Australia and China's relationship.

18.81 Their observations underline the importance of allowing NGOs some voice in the many types of formal meetings, gatherings and conferences in which Australia and China participate. The committee understands the reluctance on the part of governments to allow access to such gatherings but nonetheless it should ensure that NGOs are not shut out completely from such engagement. For example, the Human Rights Dialogue provides an opportunity for encouraging some input from NGOs.

Committee view

18.82 The evidence to this inquiry has demonstrated that any relationship between two nations cannot be viewed purely in economic terms. The bilateral relationship comprises a complex web of interrelationships between a diverse range of actors. Contributors to the ongoing evolution of the relationship include individuals, community organisations, educational institutions, sporting associations, scientific and technological research agencies and bodies, NGOs, sub-national governments, and

90 J. Chen, *Committee Hansard*, 1 August 2005, pp. 81–82.

91 Stephen Fitzgerald, *China 2001–2010: An Update*, additional information provided by AusAID, p. 27.

92 Stephen Fitzgerald, *China 2001–2010: An Update*, additional information provided by AusAID, pp. 29–30.

federal, state and local government departments, to name but a few. The extraordinarily broad range of activities these stakeholders participate in are not necessarily tied to economic benefit. The committee considers, however, that there is a tendency for the nation's gaze to become fixed upon financial gain, with insufficient attention paid to investing in alternative means of engagement.

18.83 Australia's challenge is to identify and recognise the vital role that various stakeholders play in contributing to the strength and vitality of the bilateral relationship, and to support them in their activities. Rising to this challenge will require a broader appreciation of the value and work being done by a range of organisations.

18.84 The possibilities for deepening Australia's relationship with China are enormous, and there is much the two countries can learn from and about one another. The committee reiterates Mr Richard Tan's comments:

Friendship in business is built on mutual profit taking. That friendship is as lasting as the profit margin. Real and genuine friendship can be developed through promoting mutual understanding and appreciation of each other's culture and traditions. Thus, while emphasising economic gains, we should not lose sight of the long-term benefits of exchanges in other areas.⁹³

18.85 Australia should seek to know more about China, to understand and explore its vibrant cities, cultural depth, rich history, intellectual traditions and the diversity of its people. Australia should develop pathways to scientific innovation with China, and support and engage with the Chinese people as they move towards a more democratic, open and accountable society. Australia cannot do this through trade alone.

18.86 Political interaction between the two national governments, lower level state, territory, provincial, and local governments, and non-government organisations can raise public awareness and understanding of the relationship between the two nations and lead to closer cooperation.

Conclusion

18.87 China has taken just over a decade to make the successful transition from a closed economy to one of the leading trading nations in the world. It has adopted an export-oriented strategy to underpin its economic development and has made remarkable progress in dismantling barriers to trade through the WTO. In opening up its markets, China has become a dynamic, strong and rapidly expanding economy offering opportunities for countries, such as Australia to strengthen and deepen the relationship.

93 R. Tan, *Committee Hansard*, 1 August 2005, p. 35.

18.88 This report looked at both the opportunities and challenges that China presents for Australia. It is optimistic that Australia can forge closer ties within China that will prove mutually beneficial for both countries. The Executive Summary brings together the main themes in the report and lists the committee's recommendations.

SENATOR STEVE HUTCHINS
CHAIRMAN

