

Chapter 2

The Case of Australian Reluctance With the Chinese Belt and Road Initiative

Mona Chung

Deakin University, Australia

Bruno Mascitelli

Swinburne Institute of Technology, Australia

ABSTRACT

The One Belt One Road initiative is a global strategy proposed by President Xi in 2013. It was referred to as the new silk road approach which includes a land-based and ocean-based routes. The BRI, were it to reach its milestones, would be a landscape changing plan of the world and not just for China. As Australia's number one trading partner, China plays an important role for Australia especially for its economy. However, there has been a poor and lacking understanding of this strategy since 2013. The chapter highlights the importance of the strategy and the approach by the Australian politicians. Fearing being left behind, Australia politicians begin to pay attention to the strategy and especially any related plans which may or may not include Australia. The aim of this chapter is to ascertain and explain why Australia has adopted a cool and almost negative approach towards the Chinese Belt and Road Initiative (BRI). With further exploration of the Australia-China trade relationship, the chapter raised the question of the importance of China to Australia.

INTRODUCTION

The aim of this chapter is to ascertain and explain why Australia has adopted a cool and almost negative approach towards the Chinese Belt and Road Initiative (BRI). Much has been discussed about this grand plan and what it means for China's economic and political standing in the world. Despite China being Australia's main trading power and slowly becoming one of the main investment sources for foreign direct investment the Belt and Road Initiative has attracted less enthusiasm from the Australian government and equally less interest from Australian firms.

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After years of fanfare and celebrations about the Free Trade Agreement with China signed in 2014, there has been a cooler response about this broader Chinese infrastructure project. Moreover, the unease between Australia and China over alleged Chinese interference in Australia and Australian politics has made discussion of such matters more infrequent and subdued.

The Belt and Road Initiative ceremony conducted in early 2017 with world leaders and dignitaries present saw a paltry presence from Australia both in official government presence as well representatives of Australian firms. To the formal invitation of adherence to the Belt and Road Initiative, Australia has yet to respond but generally seems neither committed nor enthusiastic on the initiative. It, according to one report, has even gone to the point of “discussing with the United States, India and Japan the establishment of a joint regional infrastructure scheme to rival China’s multibillion dollar Belt and Road initiative in an attempt to counter Beijing’s spreading influence” (Coorey 2018). While the Australian political opposition through the voice of the Australian Labor Party (ALP) has expressed support for the initiative, this has not been either voiced loudly and in substance could be interpreted as a “maybe”. The question this chapter will also seek to address is what is behind this decision and why is Australia so unenthusiastic on this project?

Belt and Road Initiative

The BRI, were it to reach its milestones, would be a landscape changing plan of the world and not just for China. Nations around the world, along the belt and road may consider strategies to enhance and promote the initiative for the benefit of their own countries. China of today is assuming the position of being the most visible global player as it competes in almost every economic sector and venture. Besides having the largest population in the world, it is the largest consumer of coal, oil, iron and ore, the largest machine manufacturer, the largest trading nation, the largest luxury goods consumption country and the list continues. How long before China has the world largest GDP?

The open door policy in 1979 (Chung, 2010) has changed the Chinese economy dramatically and provided the impetus for profit making and individual “enrichment”. Two decades later, it was the Asian Financial Crisis and China’s entry into the World Trade Organization (WTO) in 2001 that were landmark turning points which positioned China in such a way as to allow this emerging economy to become a prime trading power. On its journey of becoming a trading power, it began from a relatively low base. Less than a decade after entering the WTO, it overtook Germany (in 2009) as the world’s largest exporting nation. This achievement was truly breathtaking in its dimension and speed. According to one source China’s economic and social advancement over the last three decades has been historically unprecedented in global history (Ruthven, 2018).

China’s trade history with other countries goes back a long way. Silk Road and the Opium War are possibly the two most significant moments representing success and failure along the journey of China’s return to greatness. Much is written about the “open door” policy but much less is highlighted on exactly when China was closed. Qianlong (1736-95), who is often referred to as ‘Qianlong the Magnificent’ closed the door of the country in 1757 leaving only one port for trade, which was Canton (Chang, 2013). When responding to a request from Lord McCartney to provide more trade opportunities, he responded that China had no need for imported products. Qianlong closed China’s doors in large part due to his sense of insecurity despite the fact he was fully aware of the trade benefits to China (Chang, 2013).

The British were partially dependent on trade with China and some of its products such as silk and tea came exclusively from China at that time (Wheaton & Simonton, 2007). The custom of tea drinking

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