

4TH
WORLD
CHINESE
ECONOMIC
FORUM

China-Australia-ASEAN Partnerships
Future Unlimited

TABLE OF CONTENTS

EXECUTIVE SUMMARY	5
Introduction	5
Introductory and Welcoming Speeches	5
Day 1 Sessions	8
Day 2 Sessions	11
Conclusion.....	14
DAY 1 – 12 NOVEMBER 2012.....	16
OPENING ADDRESSES.....	16
Introductory Speech by Chairman of World Chinese Economic forum, Tan Sri Dato’ Dr Michael Yeoh, Chief Executive Officer, Asian strategy & Leadership Institute (ASLI)	16
Speech by HE Alex Chernov, AC, QC Governor of Victoria	18
Speech by The Hon. Ted Ballieu, Premier of Victoria	21
Special Keynote Address by Deputy Prime Minister of Malaysia The Rt. Hon. Tan Sri Muhyiddin Yassin.....	24
Welcoming Speech by former Governor General of Australia and Chairman of the Global Foundation, Major General Michael Jeffrey, AC, AO (Mil) CVO, MC (Retired)	33
Special Keynote Address by First Vice Chairman, China council for the Promotion of International Trade (CCPIT) Dr. Zhang Wei	36
SESSION 1:	38
CHINA AND THE WORLD: REALISING OPPORTUNITIES FROM PARTNERSHIPS WITH THE RISING DRAGON	38
SESSION 2:	46
GLOBAL ECONOMIC SHOCKS – HOW CAN AUSTRALIA AND ASIA COPE? CAN CHINA BE THE SAVIOUR IN A PERFECT ECONOMIC STORM?.....	46

SESSION 3:	49
GLOBAL ENTREPRENEURSHIP AND COMPETATIVENESS – CONNECTING DIASPORAS, BUILDING LINAKGES	49
SESSION 4:	54
“GLOBAL CORPORATE CITIZENSHIP – CLIMATE CHANGE, BUSINESS RESPONSIBILITY & ETHICS”	54
DAY 2 – 13 NOVEMBER 2012	56
Special Session – “Minerals and Energy Spotlight – Meeting China’s Growing Demand: The Way Forward”	56
SESSION 1:	60
“CHINA, AUSTRALIA and ASEAN – A NEW DYNAMIC for FUTURE GROWTH”	60
SESSION 2:	
“EDUCATION PARTNERSHIPS and the DIGITAL ECONOMY – NEW OPPORTUNITIES in the NEW ECONOMY”	65
SESSION 3:	
“URBAN, PROPERTY, and INFRASTRUCTURE DEVELOPMENT: MEETING FUTURE CHALLENGES”	69
SESSION 4:	71
“THE GLOBAL CHINESE DIASPORA – CREATING WEALTH, CONTRIBUTING to NATIONAL DEVELOPMENT”	71

**This is a report of the proceedings of the 4TH World
Chinese Economic Forum held at the Melbourne
Convention Centre, Melbourne, Australia
12th – 13th November 2012**

The 4th World Chinese Economic Forum
was organised by
Asian Strategy & Leadership Institute

Report Team

Editor and Chief Rapporteur: Geoffrey TM Chow, Australia

Rapporteurs: Dr. Anura Amarasena, Mr. Peter Moran, Dr. David Qian,
Australia

Editorial Assistant: Ann Sathasivam, Australia

Report Written by the Team

For

Asian Strategy & Leadership Institute

1718 Jalan Ledang, Off Jalan Duta

50480 Kuala Lumpur, Malaysia

Tel: +6(03)-2093-5393 Fax: +6(03)-2093-3078

www.asli.com.my

EXECUTIVE SUMMARY

Introduction

The World Chinese Economic forum was held on the 12th and 13th November 2012 at the Melbourne Convention Centre. This was the first time the event was staged outside of South East Asia and reflected the growing importance of the Australian-East Asian corridor.

The release of the Australian government's white paper, "Australia in the Asian Century" in October, just a month before the forum, stimulated much reflection and discussion on the role Australia has to play as a multi-cultural society in the rapidly expanding markets to the north.

A number of speakers observed that the balance of power is shifting from the old world economies of North America, Europe and the United Kingdom to the emerging powerhouse economies of Brazil, Russia, India, and China (the so-called "BRICS" nations), that are challenging traditional markets for increased recognition on the world stage through the sheer force of their market size and growth potential. Despite this increasingly mutually dependent relationship with her Asian neighbours, Australia has yet to sign a free-trade agreement with China, and a number of speakers lamented the time that this has taken to negotiate an outcome.

Introductory and Welcoming Speeches

In his introductory speech, **CEO and Co-founder of ASLI, Tan Sri Dato' Dr Michael Yeoh** described the challenges and opportunities the geographical proximity of Australia and her East Asian corridor neighbours face in the coming century. He highlighted the need for understanding and co-operation to create opportunities for mutual benefit, and highlighted that China is set to become ASEAN's largest trading partner.

His Excellency, Alex Chernov, Governor of Victoria, picked up Dr Yeoh's theme of relationship building to create mutual prosperity, and highlighted the historical ties between Victoria and China. His Excellency stated that in

1857, there were 25,000 Chinese in Victoria, and today this number has increased to over 60,000 residents who were born in China, and over 200,000 of Victorians claiming Chinese ancestry. The initial prejudice faced by Chinese immigrants has been overcome to showcase the talents of hard working individuals who are leaders in their fields, as diverse as education to business, to hospitality. His Excellency discussed the relationship between Australia and Malaysia, and the educational opportunities which have evolved through the presence of Australian tertiary institutions on the Malay Peninsula.

The Premier of Victoria, The Hon. Ted Ballieu, reinforced the significance of Melbourne's multi-cultural ties with China and East Asia, and drew attention to the priority he places on building on the growing of this relationship to bring mutual prosperity. Premier Ballieu took a trade mission to China as one of the first overseas trip that he led, and he reminded delegates that the Victorian government sees numerous opportunities for partnership in cultural, agricultural, trade, and education. Victoria's clean green credentials, together with efficient energy and welcoming foreign investment augur well for the years ahead. Premier Ballieu is proud that Melbourne is considered the sports and arts capital of Australia, and together with its diverse multi-cultural base, is eminently suited to host the forum. Premier Ballieu welcomed delegates to Victoria and Melbourne, and conveyed best wishes for a successful conference.

In his special keynote address, the **Deputy Prime Minister of Malaysia, The Right Honourable Tan Sri Muhyiddin Yassin** extolled the role governments play in facilitating private sector trade and investments. He referred to the recently released Australian White Paper, which he said he read with interest, and observed that this policy reaffirmed Australia's future economic and foreign policy directions, ensuring regional benefits.

Deputy Prime Minister Yassin then threw the spotlight on the ASEAN Economic conference in 2015, signalling its importance to ensure continuing growth in the region. He also drew attention to learn from the emerging

trends post 2008. He specifically highlighted two of them rooted in cultural values; halal business practices in Malaysia, and Buddhist values and business ethics as practised by the Chinese business community. Deputy Prime Minister highlighted the value of trustworthiness as an important value which transcended geographical borders – trustworthiness meant that a Chinese businessman from mainland China and an overseas businessman will share the same values in business and trade. When this is combined with China's incredible economic growth over the last several decades, then living standards dramatically improve.

Deputy Prime Minister highlighted the multi-cultural aspect of Malaysian society, with 24% (7 million) citizens being ethnic Chinese. Malaysia is the only country outside China with a complete Mandarin education system from pre-school to University level education.

Deputy Prime Minister Yassin, spoke of the proximity of Australia to Asia, and her vast natural resources, and the bi-lateral trade agreement signed earlier this year, which will come into effect in January 2013. There are also negotiations for other trade agreements with the European Union, and Turkey.

Deputy Prime Minister Yassin spoke of the change in Malaysia's growth model to ensure Malaysia becomes a high income nation by 2020, and that business plays a key role in this process. This can only be achieved, though, by regional peace and stability thus ensuring a prosperous future for the region.

In his welcoming speech, **former Governor-General Major General Michael Jeffrey** (Retired) congratulated Malaysia for its inspired initiative in establishing the World Chinese Economic Forum. Speaking as the Chairman of the Global foundation, Major General Jeffrey spoke of the pressures of increasing urbanisation, changing consumer patterns and the expanding Asian middle class, on the earth's finite resources. Population growth and sustainability to meet energy and living requirements are being pressured by the 1% decrease per year of arable land. This will continue to pressure

countries to review their Food Security, and this poses huge potential economic, social and security issues.

The recent release of the White Paper, "Australia in the Asian Century" identifies how Australia might better connect with the region to adapt to the new Asia. Whilst we are living in challenging times, Major General Jeffrey concluded his speech on an optimistic note, reiterating his belief that the human mind and spirit must rise above challenges to work for a better, happier and more sustainable planet. Major General Jeffrey wished the forum well and hoped the delegates' stay in Australia met up to their expectations.

Day 1 Sessions

Day 1 Session 1 highlighted the optimism shared by all the speakers on the "re-emergence" of China during the late 20th and early 21st Century, and presents to Australia and other Asian nation's enormous opportunities for growth. Of particular interests is the exponential growth of both china's and Indonesia's middle class. Dr Emerson putting a number of 3 billion people in this category by 2030. Professor Byrne observed that increasing numbers of Asian students engaged on Australian campuses on shore and off shore augur well for future leaders to strengthen cultural and professional links as they advance their careers into positions of influence and leadership.

The willingness of China to develop good relations with her neighbours through trade and shared business opportunities was highlighted by HE Chen Yuming.

Dr Guo Wanda indicated that the rise in consumption within China is not without its challenges, particularly the rising urban population, with trends indicating that by 2020 50 % of china's population will be urbanised, raising to 75% by 2040. Another risk identified by Tan Sri Razali Ismail was the sophisticated methods of trafficking drugs, people and endangered species. As important as this needs to be controlled, so does environmental sustainability, as population pressure continue to stretch natural resources.

Dr Jonathon Choi Koon sum highlighted the pivotal importance of Hong Kong as a nexus between east and west. He stated that Hong Kong is as much a part of china as Shanghai and Beijing, and also part of the international world, like London and New York. As a financial hub, Hong Kong is uniquely placed to play an important role in china's integration into international markets, and therefore he was optimistic about Hong Kong's role in the Asian Century.

Day 1 Session 2's speakers reminded delegates that they were not out of the woods as far as the Global financial Crisis was concerned – its effects are still reverberating throughout the region. Professor Zhou explained that despite China's current rate of growth between 7.5 and 8 per cent, and the appreciation of the RMB against the US dollar, the aggregate of GDP in 2011 was still only US\$7.3 trillion which was half the US amount. There was still some way to go, but Professor Zhou indicated that the incoming leadership were determined to continue the policy of reform and he said, that this will herald a decade of prosperity.

Mr Biswas highlighted in his speech, the top global risks in 2013 with Europe experiencing further fiscal meltdown, china's hard landing in the real estate market, the looming US fiscal cliff, and western sanctions severely damaging the Iran economy. Mr Biswas identified the western provinces shift in china's urbanisation as holding great promise for China's future development.

A contrasting view in this session was put forward by Mr Clyde Prestowitz, whose observations on China's future were tempered by his observation of the historical and economic links between Europe and the US. He discredited the notion that China was developing continually, and pointed to some areas of weakness and slow down. He observed that former predications of Japan as an Asian powerhouse failed to materialise, and he therefore suggested caution about making predictions about Asia's future.

Session 3 of Day 1 saw the theme of entrepreneurship come to the fore, with cultural revelations by the speakers. Tan Sri Kim Yew observed that the

GFC taught him how to turn crisis into opportunities. He said that in Chinese, the interpretation of the word "entrepreneur" is 'create/born'. Tan Sri Kim Yew reiterated that entrepreneurs must create benefit for humankind, carrying good thoughts and not wanting to harm others. He cited the example of selling tainted powdered milk into China as a poor example of business practice. Dr Francis Chua drew delegates' attention to the varying examples of Chinese diaspora in the Philippines. The lesson, he said, was to build your business through building connections, and that Chinese Chambers of Commerce were a good resource.

Mr Low Tuck Seng spoke of the factors necessary for success, including good governance and the sound leadership of top quality people. Mr Low concluded that what is required for success is boldness of vision.

Ms Anne Lee spoke of the education ties between Singapore and Australia which fostered cultural understanding and continuous development. She said that English has become the "language of business". She also made the point that role models are very important in educating individuals and for the development of character, as is personal reflection.

Day 1 Session 4 looked at the demanding areas of corporate citizenship, ethical behaviour, climate change and the role business played in this arena. The observation was made that we are all interconnected, that we all share limited resources on one planet, and that poor in our society are not just a national problem, but a worldwide problem. A wide range of welfare, religious and political organisations commits time, money and effort to assisting the poor, but they required support and encouragement from the business community. The popular movement of the Arab spring demonstrated that people are proactive about change. The question still remains how corporations can best address issues like climate change, business ethics and social responsibility.

Day 2 Sessions

Day 2 commenced with two special sessions specifically focused on resources and food. These sessions were titled, “Minerals & Energy Spotlight – Meeting China’s Growing Demand: The Way Forward”, and “Business Collaboration in Agriculture & Food: Meeting the Growing Needs for Proteins & Food Security”. These sessions were a timely reminder that future growth and prosperity will require considerable leadership with strategic vision.

Day 2 Session 1 focussed on the triangular relationship between China, Australia and ASEAN. Mr Alan Oxley, chairman, Australia APEC Study Centre, RMIT University stated that increasing competition in the services sector in domestic markets in Asia is the key to growth. By building competition into domestic markets, the refinement of competition law will challenge the current socio-political approach. His view is that for ongoing prosperity, governments need to withdraw from non-government economic activities.

The next speaker was Mr Michael Johnson, who gave examples of Sino Australian business relationships that had gone well, IAG, and that had been challenged, Fosters Group. He shared that IAG had been successful because it had a different approach (people, their background, local partners and transfer of technology where needed) and importantly because there was engagement with knowledge and understanding. He highlighted the example of Cubby Station as a poor approach to foreign investment in Australia, and how a bi-partisan approach and a greater understanding of Asian investment is required.

Mr Jon Denton believes there is opportunity to do better in our region, outlining the “New Dynamic” which will include greater Chinese investment, greater capital flows, better infrastructure and an open trading system. Mr Denton stated that building confidence in local markets, reducing barriers to trade and capital flows, developing financial markets to align more closely with the region, will boost investment in local economies.

Ambassador Delia D Albert spoke of the evolution and the importance of ASEAN, outlining Australia's position and the growing influence and co-operation in areas of finance and trade, natural disaster management, and the push for a Free Trade Zone. He noted the growing importance of China over the life of ASEAN, particularly in the growing dialogue in technology, science, tourism and the environment.

Professor Milner spoke of the need to be more Asian orientated, and Australia is perfectly placed with her release of the recent White Paper on the Asian Century, to move into ASEAN. While Australia is not an ASEAN country, ASEAN is used to dealing with Australia and this relationship should be built on.

Dato Jebasingham highlighted the value of Trade Parks in Malaysia and China special economic zones and how they are adding potential to the whole region.

Day 2 Session 2 focussed on education opportunities and the increasing emphasis on technology and the impact of the digital age on education. The creation of massive open online courses (MOOCs) has challenged how we traditionally see Universities. Anthony Wong of AGW Consulting suggested that digital technology in education requires a rethink on how we see education. This theme was taken up by Mr Larry Gould, who swung the spotlight on to the vocational sector, and discussed creating a workforce "Fit for purpose". He highlighted the need for complementary partnerships between higher education, vocational education and business.

Elizabeth Lee spoke of the importance of education in the new economy and how students need to be encouraged to be lifelong learners both technologically efficient and literate to enable them to make informed pedagogical decisions.

Professor Susan Elliot returned to the theme of MOOCs, and stated that already 52,000 students were enrolled in Melbourne University's open online

courses to be launched in 2013. She also discussed the summer school run by the University of Melbourne at Tsinghua University in Beijing, China.

Dr Fong Chan Onn spoke about the Twinning Program in Malaysia and he saw the need for more Australians to study in Asia for better economic and cultural relations. Malaysia and Australia have a long standing relationship and a great deal of goodwill exists as many Malaysians have studied in Australia.

Joseph Yap discussed the connection between economic growth and educational attainment, and stated that in the Philippines education is currently losing momentum. He identified a lack of resources as the reason, and as a result, the Philippines was falling behind in economic growth. He discussed the main constraints to e-learning in the Philippines and he looked forward to technical co-operation to assist developing countries in adapting and contextualising open education resources.

Day 2 Session 3 was themed around urban property development and infrastructure. Mr Patrick Yeo highlighted the challenges of urbanisation, a topic touched on the previous day, pointing out that cities occupy just 2% of the world's land mass, but by 2050, 70% of the world's population will live in cities. He further discussed major projects of Lend Lease across the globe, concentrating on Bangaroo in South Sydney and Victoria Harbour in Melbourne. He quoted the founder of Lend Lease, Mr Dick Dusseldorf, who said that the time was not far off when companies would have to justify their worth to society, with greater emphasis being placed on environmental and social impacts rather than just straight economics.

Councillor Ken Ong of the City of Melbourne continued the theme of a sustainable future and stated that this should involve partnership at all levels of government, government development agencies, communities, developers and utility providers.

William Deague showed delegates photos of projects undertaken by Asia Pacific Group, highlighting the key features of these projects. He shared how the Asia Pacific Group has expanded into supplying many different services.

Day 2 Session 4 focussed on the impact of the Chinese diaspora and the economic and cultural influence it had. Professor Kriengsak Chareonwongsak indicated that 67% of Foreign Direct Investment in China is coming from overseas Chinese. The success of the Chinese diaspora in business can be seen in the fact that 80% of the wealthiest people in Thailand, Indonesia, Malaysia and Singapore are ethnic Chinese. He also highlighted the disproportionate representation of academics in Asian Universities from Chinese background. He discussed in detail the various factors which affect the Chinese diaspora. He advocated more Chinese business schools based on the Chinese style and the promotion of Chinese studies including the teaching and learning of Mandarin. He also advocated scholarships for Chinese student exchange.

Mr Edmond Yeo from the UK spoke of the enrichment of the host country from the Chinese diaspora. There were 100,000 student visas issued each year in the UK was indicative of the popularity of a UK education. He said that Chinese immigrants bring talent, skills, a new language and supply cultural and culinary diversity. He concluded that the Chinese diaspora contributes to socio-economic growth as well as social values and action.

Conclusion

Overall, the 4th World Chinese Economic Forum was successfully held in Melbourne, Australia. It had the strong support of both the Governor and Premier of the State of Victoria, Australia. One of the highlights of the Forum was the invitation to Forum attendees by the Governor to a cocktail at Government House.

The Forum, first time held outside Malaysia, offered a comprehensive range of speakers and personalities; and a wide range of business, economic and strategic topics and issues for Forum attendees. It was also a great

networking opportunity for those who attended most of the sessions and activities.

Geoffrey Chow
Editor and Chief Rapporteur

DAY 1 – 12 NOVEMBER 2012

OPENING ADDRESSES

Introductory Speech by Chairman of World Chinese Economic forum, Tan Sri Dato' Dr Michael Yeoh, Chief Executive Officer, Asian strategy & Leadership Institute (ASLI)

As we meet here today, the world is at a cross road. The world today I believe faces 5 key global challenges which I will describe as five 'I' challenges.

- Inequality in wealth and income
- Inaccessibility to water, food and energy
- Imbalances in global finance in international economics
- Instability with rising nationalism and religious and ethnic intolerance
- The need for greater integration - The challenge of being regionally connected and integrated into a global system

These five eye challenges I believe requires five 'I' solutions:

- Innovations
- Investments
- Infrastructure
- Institutions
- Interdependence

We are in presently living in much more interdependent world. We also face key trends:

Firstly the rise of China – and the question that arises is, “Will China’s rise be meaningful and benefit the region?” Many economists have predicted that

China will become the world's largest economy; some say by the year 2030 - others say as early as 2017.

Second, ASEAN will be tested for a new rebalance of power

Nationalism vs. Regionalism and the political will make ASEAN economic community by 2050 a reality. Today ASEAN - China trade has increased in leaps and bounds; China emergence indicates they are to become ASEAN'S largest trading partner.

ASEAN - China bilateral trade has exceeded US 280 billion dollars. This region of East Asia, China, South East Asia, Australia and India will be the hub of the 21st century global economy. The prediction is that ten of the world's 50 largest economies by 2015 coming from this region i.e. China, India, Korea, Japan, Australia, Indonesia, Thailand, Malaysia, Pakistan and Vietnam.

On this note it is pertinent to highlight that East Asia Summit of 18 countries will meet in Phnom Penh at the end of this week in Cambodia. Australia has also recently unveiled "Australia in the Asian Century White Paper". Over the next few days China also will have a historic change in political leadership - a peaceful and harmonious transition to a new leadership led by the party Secretary General. This year we also mark the 40th anniversary of Australia's relations with China. All these developments and events are ensuring the World Chinese Economic Forum remains more relevant than ever in our region.

The World Chinese Economic Forum in Melbourne is a watershed event bringing together sixty eminent speakers from over fifteen countries who are government, business and of course leaders to share their knowledge, experiences and perspectives in a wide range of issues facing China in the region.

The World Chinese Economic Forum aims to promote:

- international networking and regional bridge building and linkages between governments and business throughout the region
- it also brings together the global Chinese Diaspora found in over 100 countries

The World Chinese Economic Forum (WCEF) promotes greater connectivity and collaboration as these lead to more business opportunities and more trade. More trade will create more jobs and lead to higher economic growth. The WCEF also hopes to build linkages between the West and the East.

Speech by HE Alex Chernov, AC, QC Governor of Victoria

The importance of this forum is highlighted by the presence here of many notable speakers including our Premier, the Deputy Prime Ministry of Malaysia, and our former Governor General. There is little doubt that we are well into the Asia Century, its economics and cultural significance in the world as it is made quite apparent when its progress in those areas compared with that in the region which only a short time ago dominated the world particularly in economic activities namely, Europe and North America.

It is important to realise the success in our region has been China itself and importantly the Chinese Diaspora a worldwide. Australia and Victoria being part of the region have been fortunate to gain much from such developments. It is important that we understand how this has occurred and where it might be going. Thus we can better be able to assess where our future lies and in particular areas. That is why this forum is so important given the focus on these matters; it not only provides an opportunity to tap to into the global power house but to consolidate existing relationships and alliances and for new ones to develop.

This is the first time that this forum has been held out of Malaysia and the conference and its organisers selecting this city are to be commendable.

There are major important economies in Australia such as education, agriculture, aviation and finance, manufacturing and other knowledge based industries. On top of that this city is a multicultural and event capital of our country and has been named by the economic intelligence unit for the second year in a row as the most liveable city in the world. Moreover our relationship with the region and with China and Malaysia in particular is strong and long standing.

In relation with China for example, this is well known that is and has been for some time Victoria's major trading partner. There are numerous joint ventures with its institutions in areas of scientific and technical developments, health care, higher education and tourism is another large scale of economic operations. Only a month ago our Premier, Ted Ballieu led a considerable success with a super delegation of 430 companies with 650 delegates to China. It was the largest Australian trade delegation ever to leave our shores in the course of existing trade relationships. This delegation consolidated bilateral ties and new collaborative ventures were formed.

In the case of Victoria in particular, the Chinese Diaspora has played a significant role in developing our relationship with China. What is perhaps not known is that I should say outside of Victoria, is that the relationship with China goes back to the 1840s. Melbourne now has a population over 4 million, back in the 19th Century, Melbourne had a population over 50,000. The first documented arrival of Chinese was between 1847 and 1853. Some three and a half thousand Chinese first came to Victoria as rural labourers, chefs and gardeners. With the gold rush, more Chinese immigrants came here, some in pursuit for gold, others to become traders in Melbourne. Many Chinese immigrants operated other businesses in gold fields and major towns. By 1851 China Town was founded on the 'Little Bourke Street' and it still remains as the longest Chinese remaining China Towns in the western world.

By 1857, there were about 25,000 Chinese in Victoria of the population of only in the order of 130,000; currently there are over 60,000 Chinese born

persons in Victoria and well over 200,000 claimed Chinese ancestry. With the Chinese immigrants in the 19th Century, there was a basis in the belief that the hardships contributed to character building which enabled them to overcome the initial prejudice of the young colony. As a result the Chinese became very much involved in the commercial activities in Melbourne and significantly contributed to its development.

A more recent times Professor Kwong Lee Dow a 4th generation of Australian Chinese, became the leading educationalist in Australia and the Vice Chancellor of University of Melbourne. Like Kwong, John So, was born in Hong Kong, and became a very successful businessman in Melbourne being elected Lord Mayor of Melbourne for a record period of seven years.

It is not surprising that state relationship of Victoria and Province of China was established more than 32 year ago. Today 14 of the Victoria's local councils and regions have formalised connections with Chinese cities and provinces to pursue cultural and economic activities of mutual benefits.

Malaysia also has a large and expanding Diaspora with thousands of highly educated individuals permanently settling in Victoria and contributing in numerous ways to its development. Particularly in recent times Malaysia's economy has been growing at a substantial pace and tied with Victoria and correspondently increased especially in agriculture, telecommunication and automotive products. The Australia – Malaysia free trade agreement finalised in May this year has further increased the relationship between us and strengthened both countries to achieve a viable economic target. Another strong link that Victoria has with Malaysia is higher education. Currently there is something like 22, 000 Malaysian students studying in our country and about 8,000 of them are in Victoria.

The connections of course can be traced back to the Colombo plan of the 1950s which show thousands of students have been developing Malaysia and in the region completing their higher education in Australia. A large number of higher education students continued to come to Australia to complete their

education. Victoria has been, and is the preferred destination, for students from Malaysia. It is difficult to think of more effective way of building a sound of long term relationship than ensuring and encompassing higher education. It is not all one way traffic. Victoria has contributed to Malaysia's growth in their higher education sector with the establishment of Monash University through its partnership with Sunway Corporation.

Monash has a Medical Faculty in Kuala Lumpur, the graduates of which are able to practice medicine in Australia. Victoria has substantial economic, educational and cultural links with many other countries in the region including India, Singapore and Malaysia. Given those circumstances it makes sense as we did to stage this forum in Melbourne and if with no doubt the benefits that will flow from its deliberations. I trust you will find them productive and I encourage you to share knowledge, network and develop new fruitful partnerships.

Speech by The Hon. Ted Ballieu, Premier of Victoria

This is the multicultural capital of Australia and indeed we would argue one of the best multicultural places of the world. We have welcoming arms of the world, we regard we are the gateway to the world.

We are delighted you have chosen Melbourne as your venue for this forum. There are reasons why Melbourne is the right place to hold this forum particularly for the first time the forum has been held outside of Malaysia. You have heard some of those already. The history of Victoria, the history of Melbourne, Asian community and Chinese community in particular in Victoria is very rich.

There are nearly a quarter of million people in Melbourne who claim Chinese heritage. And many others have multicultural background across Asia and Victoria attracts more of Australia's permanent additions business migrants from China than any other State.

We are one of the first sister states to have a relationship with many sister city relationships that we have across Asia and China in particular. Of course many Chinese companies feature here in Victoria such as the Bank of China and there are those educational links which the governor spoke of before and including of course Michael's own background here as an Alumni of the Monash University.

We have in this state an enormous opportunity to reach out to the world and we see this city as a city with opportunities and of course the partnerships, the Asia- China, Australia – China partnerships are opportunities with us. The global economy is changing. No one is exempt from that change. There is a shift of focus than even in China. There are changes ahead. For us here in Australia, here in Victoria particularly our economy fits with that change. We have a diverse economy in Victoria and we have what it takes to make that relationship we need.

There is no better way I believe to hold this forum than here in Melbourne. There are areas such as biotech, advanced materials, developing high end manufacturing IT, agriculture, food and fibre, engineering, urban development services, education, research, professional services, food, beverages. We have that diverse economy here and I invite you over the course of this forum to see the opportunities which exist here. I know there are many people in this room who already invest in Victoria. Like others we can also learn from China and Asia.

We see this as very much an opportunity for partnership, I think it is incredibly important; it's multi-faceted, far reaching, it's not just about trade, it's about personal relationships, educational relationships, cultural relationships and even sporting relationships. It's a symbol of what opportunities lay ahead. There has been much talk in Australia of the Asian Century – there is a white paper which I am sure many of you have seen and read in many ways this is not the Asian century. It's another Asian Century. In indeed there has been Asian Centuries and Asian Millennia in the past. We

need to recognise that as history and we need to do. But for us it's a time for action, not papers and words, it's about building those relationships. That's what we have been seeking to do through enormous relationships we already have in Victoria and through our sister state relationships and sister city relationships. And the footprint that we have on the ground across Asia and across China which we are now seeking to expand.

I have made an announcement about that. And indeed the Governor referred to the trade missions we run. My first visit overseas as a new Premier was to China and we run trade missions to India, to the Middle East through to China and to Japan as well. We have more plans. The trade mission to China was an enormous success; 13 cities and huge contributions and great results. And as the Deputy Prime Minister Don Seu Tue said at the dinner last night, he had never seen so many Australians in one room. It was a highly successful trade visit with more than a billion dollars' worth of exports, trade relationships and direct foreign investments back to Victoria in particular.

We are very proud of that trade mission and we will continue to build on those relationships. Some of those results including Australia and Commercial Bank of China, Sichuan Airlines, having a direct flight from China to Melbourne and direct engagement from that fast growing area.

When it comes to foreign investment we say very clearly as I said right across Asia and in China we welcome foreign investments in Victoria. We welcome all investments particularly China's investments. We are proud of the investments that already occurred in this stage. Indeed in this stage through its history, its culture and all external relationship was built on foreign investments.

Our approach to China is one which we share our approach with South East Asia. It is one of engagement, growth, development, education, cultural, personal and historical significance. We launched a China tourism strategy on our mission and we are building our relationships right across Asia in all of

those areas. New Chinese language courses here in Victoria will encourage individuals to take-up Mandarin in particular.

A famous scholarship named after former Premier who introduced sister state relationships some 33 years ago was established, so that students can study in China and Chinese students can study in Australia. We have a number of leadership programs in the same regard supporting those relationships. We are engaging with China - we are engaging with Asia at every opportunity.

I believe we operate from a position of strength for competitive advantage by being at the centre of networks, their multicultural base, our reputation for world research and development, clean green production, food and fibre and our abundant efficient energy, especially resources, as well as our track record of welcoming foreign investments.

We are also the sports and arts capital of Australia and I am very proud about that. We have of course that rich, diverse multi-cultural base. There is no better place to host this forum, there is no more important forum to be conducted than a forum focused on building this relationship. We hope this forum leads to continuing relationship with Victoria and in Melbourne in particular and we wish everybody participating in this forum well.

Special Keynote Address by Deputy Prime Minister of Malaysia The Rt. Hon. Tan Sri Muhyiddin Yassin

This year's World Chinese Economic Forum evidently promises to be once again a platform for dynamic discussion of the most relevant issues placing the development of economic activities between China and its neighbours and its economic partners. I anticipate a lively dialogue over these two days and I feel privileged to be representing Malaysia in this very exciting program.

The theme of this year's forum China - Australia Asian Partnership Future Unlimited reflects the East shifts West of the world economic centre of gravity. Asian has free trade agreements with both Australia and China and officers around the region are working very hard to secure more high quality

trade deals via the transpacific partnerships PPPA agreement and the proposed regional comprehensive economic partnerships. This top – down approach demonstrates the role of governments to foster private sector trade and investments across borders by reducing barriers. Australia is already intimately networked into regional economy with China and ASEAN. Just two weeks ago the country published a white paper called “Australia in the Asian Century”. That reaffirms Australia’s future economic and foreign policy directions with Asia by becoming a competitive regional partner towards skill development, innovations, infrastructure, fiscal system, regulatory reforms and sustainability. I have read it with great interest and I look forward to enhancing our successful relationship for regional benefits.

Speaking of regional benefits, ASEAN is gearing up for well-connected region with free flow of goods, services, and labour in less than three years. The ASEAN Economic Committee (AEC) 2015, our most ambitious plan yet, will bring many challenges, but ultimately collective benefits will prevail in the long run. The AEC 2015 will not be possible without existing institutions such as the East Asia Summit, Master Plan on ASEAN Connectivity and many others. As these initiatives are mostly held and promoted at highest level, the realisation of AEC 2015 must also be people centred in order to ensure that each layer of the ASEAN society is geared towards this regional objective.

The AEC 2015 cannot exist without agreeing relationships and sense of interdependency amongst its members. This economic relationship within the region is still growing despite decelerating economic growth of two of the world’s largest buyers, the United States and the European Union. Malaysia recorded its second quarter domestic growth of 5.4% a figure that is well above general expectations. For the first 8 months of this year Malaysia’s global trade grew by 4.2% to 868.8 billion Ringgit compared to the same period a year ago. Of this trade with ASEAN a member countries grew by 7.7 % to 236.57 billion and trade with China increased by 10.5% to 118.71 billion and trade with Australia lead with a higher percentage of 17.5% to 29.5

billion Ringgit. Of course Australia is Malaysia's 10th largest trading partner while China is our biggest.

The economic uncertainty that is facing the world today affects every county in the world. It is an unfortunate turn of events where we should take lessons from it as we found ourselves in a similar situation again. Thus what are the trends we can see during the 2008 financial crisis?

I can mention here two groups of business community. They are seemed to be better insulated against financial manipulations that lead to 2008 economic crisis. One of them is a growth of businesses, but here to halal business practices just as those found in Malaysia. And those businesses will only invest in Sharia compliance activities is that excludes speculation and trading of non-tangible assets. Therefore there would be no direct exposure to innovative financial assets such as collateral debt obligations or CDL. In other words Islam's sell outs, guidelines and rules to keep businesses safe.

The other group of businesses is also very well insulated. They are the Chinese or overseas Chinese business entities especially more specialised or tightly held ones. As far as I know there are no written rules governing business practices amongst them, yet there seems to be an invisible boundary that defines the conduct of Chinese business people. There are lots of business norms that fall into this category which are finally well represented by this phrase: I call it "gentlemen make money in a right way and use it with considerations". This simple phrase and Buddhist values and business ethics such as fairness, responsibilities and most important of all are trust worthiness. And therefore it is these values and ethics that made financial institutions attractive to the Chinese.

It is not a secret the Chinese own businesses have better asset of credit. In fact in most cases the cost of funding as they say is much lower than others. It is applied only to suppliers but even to banks and other financial institutions. Some who don't understand economics we call such practices as anti-competitions and discriminations. The reality is trust is a bankable

commodity, especially trust amongst Chinese businesses. It is well known that handshake between two Chinese business men is good as a contract. It is because any breach of trust is frowned upon by the community and due to the close nature of this community, reputations fade fast. Trustworthiness will be welcomed; a rich man with questionable integrity will be shunned. And this is an advantage of the Chinese business community. The wonderful thing about this trustworthiness is it transcends across national boundaries. The Chinese businessman in mainland China and an overseas Chinese businessman from anywhere in the world will share the same values in business and in trade. Having said that, I would like to say that China has proven successfully transformed its strategic economic centre with incredible growth over the last several decades. China's fiscal decentralisation and development policies have turned the country's tier one city into ones with living standards similar to affluent countries. The prosperity has been over to second tiered and third tiered Chinese cities. As such we should all look beyond China's tier one cities.

On the other hand there are more than 80 cities in China with the population of over a million people. And these cities will surely present greater business opportunities with good purchasing power. Although the demographic components of these cities differ from one another I am certain that Chinese business community worldwide will be able to serve each market with specific needs and wants.

Malaysia's strengths lie with its diversity. As a multi-ethnic and multi-religious country, Malaysian business community is able to capitalise on a wide range of opportunities in China.

On top of the market potential segments, the Malaysian business community can also explore the untapped Chinese markets, especially in tourism and halal industries. Recent statistics show that Malaysia halal export accounted for 5.1% of the total global exports. And I believe that the country's huge halal industry is able to cater for the 20 million Muslims in China. Strategic

alliances with some provinces allow us not only to penetrate these big halal markets but also those of Muslim majority countries neighbouring China.

In Malaysia of course we are blessed some 24%, 7 millions are of ethnic Chinese. Of course they speak Mandarin, Hokkien, Cantonese, Hakka, Fuchu, Fuzhou, and of course many other dialects. Malaysia of course is the only country outside China with a complete Mandarin education system available for its population from preschool right up to university level education. In fact there are also many Malaysians of non-Chinese background who study in Mandarin schools. And that means that we have good links with the Chinese world of some 50 million Chinese and over 1.3 billion Chinese nationals. Apart from the ability to converse and understand there are many extensive business and connections to trade and investments as a result of substantial Chinese population in Malaysia.

I am sure that all my friends here today recognise the name called Robert Kuok as one of the most famous Malaysian son. His business expands beyond South East Asia and China. The good news is that he is one of the thousands of Malaysian Chinese who has succeeded in Malaysia and went on to build businesses overseas. Now Malaysia also have lot of business leaders from China, from Thailand, Indonesia, USA, Singapore, Philippines, Australia and many other parts of the world. They came to Malaysia to do business not only with Malaysian Chinese but with all Malaysians that understand Chinese business ethics and values.

Many of these businesses use Malaysia as a platform to launch their products and services into other English speaking markets, India and Middle East because of our multilingual operations and cultural connections with many parts of the world. Even non-businesses or businessmen come to Malaysia for holidays because it is so easy to communicate with many Malaysians.

It is an advantage of having a strong links with overseas Chinese all over the world. Most people look at overseas Chinese as link to China, but miss equally important link between overseas Chinese in other countries. This is important

and most prominent among ASEAN countries which are the home to over 60% of the overseas Chinese population.

Our history has shown that even before formal states of relationships were established, trade among overseas Chinese population were already thriving in all instances. In the old days any Chinese who is new to a place can walk into any China town and get help in finding shelter, jobs and even access to credit. And this modern day each people don't walk into to China town searching for jobs anymore. Instead they walk in to one of many Chinese Chambers of Commerce looking for businesses, contacts and of course opportunities.

Australia on the other hand is geographically close to ASEAN and China. Australia has a substantial population of Australian Chinese. So naturally Australia is well positioned to grow together with ASEAN and China. We have different natural resources, skills, technologies and of course wealth.

Trade and investments amongst us well allocated resources to where it is needed most where the prices are competitive. Yet the market needs information to work efficiently. This is where you ladies and gentlemen have an edge. If the networking you have existed, and a new network that would be established over the next few days will be your access points to vast amount of market information that is helpful to your business.

I have spoken to a few of you about opportunities in Australia and there are some very striking examples. Firstly this country is almost a continent by itself. It is a continent. The mineral deposits are huge and mostly untapped. Australian education is among the best in the world and therefore its human capital is well sought after. Natural resources are some of the most pristine and the list goes on and on.

What is important now is for us to get into the detail and explore the opportunities available. And the best way to do this of course is to work with an Australian partner. Once you get the business up and running then look

towards ASEAN and China to market your offerings and from there to the rest of the world. Ladies and gentlemen there are many FTAs now connecting us from bi-laterals to multi-laterals.

The frameworks for cooperation are already there. What we need now is to make use of the provisions and take advantage of the concessions available. Malaysian government of course is actively pursuing strategic economic alliances with targeted countries with a view to expand and liberalise its small domestic market. At present Malaysia have 6 bi-lateral trade agreements and 6 multilateral FTAs with ASEAN. Earlier this year the governments of Malaysia – Australia concluded a bilateral FTA which will come to force in January next year. And similar trade agreements are being negotiated with the European Union, the TPPA and Turkey.

At the same time there are two processes and public sector initiatives continue to provide an alternative avenues and findings for new ventures. Dual track conferences, just as the one we have today, are useful sources to advise the governments. This is where new ideas are generated, all ideas are polished and controversial issues are highlighted with a greater sense of direction.

Key takeaways from dual track forum would be further refined by governments as alternative strategies. I have read the conference before the Chinese Economic Forum and I must commend the MMB organisers putting together such a brilliant conferences. I believe the topic which will be discussed next two days are indeed questions that demand answers from the key stake holders of the economy including the Malaysian Chinese business community.

Since independence, the Malaysian Chinese community has played a very important role in the economy and nation building. Many of them have started as family run businesses, and then expanded throughout the country to become successful enterprises and big conglomerates that we see today. Their presence is in every sector from commodities to manufacturing services

industries. They are resilient to economic downturns due to the quick responses to the challenges and adoption of new knowledge and skills.

Today many of them are diversifying their investments abroad and eager to look for new international ventures. Since the introduction of new economic policy in 1970, Malaysian Chinese community has continuously worked in concert with other races for mutual prosperity. The shared commitment to the national agenda has contributed greatly to the eradications of hard-core poverty addressing income disparity and fostering national unity and the work should not stop here. As I mentioned earlier there is a reason behind Malaysia's success in defying the gravity of its own growth over the global economic downturn. In tandem with sound macro-economic policies, Malaysia's economic, governmental and political activities have yielded positive results in driving the domestic consumption and economic activities.

Recently Malaysia is ranked 12th of most competitive economies by the World Bank in their report 'Doing business in 2012'. In the report under the Prime Minister of Malaysia, Malaysia is stepping out of its comfort zone to realise a bigger Malaysian dream – a high income nation status that is both sustainable, inclusive irrespective of race, religion and geographical location.

Malaysian government acknowledges that its previous growth model was not sustainable and cannot be a high income nation by 2020. In the earlier years of independence, poverty eradication and bridging income disparity were its top priorities. During the 1980s and 1990s Malaysia's growth model was switched from the export of primary commodities to manufactured products. As a result its growth rate was stable and high around 8 to 9% over a decade.

However since 1997 during the Asian financial crisis the country's over dependence on low valued manufacturing activities and low skilled labour has restrained cost and labour and thus leading us to the current income economic trap. In order to climb out of this trap the government has

introduced a new economic model as a response to the problems and also to ensure Malaysia is doing business in a new way.

The government has made an agenda that Malaysia match better markets to trade with and invest in than never before. As we climb up the value chain and technological ladder, Malaysia invites investors from all places especially the Chinese business community around the world to take advantage of our confirmation process as a spring board to other bigger markets.

The conclusion of the ongoing TPP negotiations for example will allow us to have a direct trade and investments in excess to ten other participating countries from the Pacific region, including United States. In addition to seeing China as the responsible country towards high income status, needs clarification) Malaysia is positioning itself as China's complementary market to gain attraction as an investment destination. The government encourages businesses to find new approaches to enhance new stakeholder consultation process with an aim of strengthening our economic resilience and deepening people to people connectivity. This has to be implemented in 4 levels namely:

- Regional
- Sub-regional
- State or Provincial
- Local Community

We must place greater emphasis on mainstreaming the elements of human security, sustainability and inclusivity in our policy for Malaysians. And in this undertaking this business community (including Chinese business community) can complement Malaysian government efforts to pull in marginalised pockets of society to participate in a fruitful economic life.

There is a lot to say about the topic of China and it is virtually impossible for me to mention everything in this speech. But before I conclude allow me to say China has become a global power economically and many other ways. It will continue to grow as such; we look forward to continue our fair equitable

and amicable engagement with China. Issues such as overlapping claims such as South China Sea, US-China and China-Japan relations are concerns that must not be allowed to distract from the core business attempt. Regional peace and stability is a must in order to lead us to a prosperous and peaceful future for the region.

Welcoming Speech by former Governor General of Australia and Chairman of the Global Foundation, Major General Michael Jeffrey, AC, AO (Mil) CVO, MC (Retired)

Australia and Malaysia have enjoyed many years of very close cooperation in the field of education which is a highly successful Colombo plan.

I also congratulate Malaysia for its inspired initiative in establishing the World Chinese Economic Forum, and on bringing to Australia the Chinese Diaspora from our region to engage in a conversation about how Australia, South East Asia, China and India might better work together to remain economic cooperation. We at the Global Foundation are dedicated to this type of integration between Australia and Asia, and for the 15 years of our existence we have been promoting dialogue throughout the region that involved the many of the organisations and institutions represented here today. In particular we are both focused to the nations Australia and Asia working together on the critical area of food security and the grading (do they mean planning?) of our cities. The latter has particular relevance to China in its huge challenge to urbanise 150 million of its citizens over the next 20 years.

It was our special privilege about a year ago for me to lead a Global Foundation and its application to China where we had the privilege of working directly with the Vice Chairman of China's National Development and Reform Commission on a program to assist China in its important endeavour. That work I am pleased to say continues.

This process of increasing urbanisation of the changing consumer patterns and the expanding middle class are happening right across Asia. At worst it has its problems, but there are very good economic opportunities for those

who involved in business, environmental services and even agricultural industries. Together they, I will surely suggest they must help to transform huge urban hotspot complexes of concrete and glass in environmentally friendly and socially pleasant places of living.

Let me signal how I noticed and linked to an immense possibility. Our planet has roughly 14 million hectares of land-lot covered by water. That is two hectares of every person on it. One of those hectares is no longer usable. This leaves one hectare per person today to meet that person's total food, water, energy and living requirements on a sustainable basis.

By 2050 this will be nearly one and a half people sharing that one hectare. A fundamental question is whether that one hectare can firstly meet the basic requirements of food, water, shelter and clothing. Secondly, the perfectly understandable aspirational requirements of billions of rural and urban poor.

They have, for example, a motor car, a large air-conditioned house, and their children to go to university and so on. Our particular concern is a food security issue in which the globe has to almost double its production capacity by 2050 to feed a projected 9 to 10 billion people. One concern is that arable land in many of our countries is decreasing at 1 % per year, where soil fertility is decreasing, where farming and crop fertility is decreasing, and most concerning of all where there are huge deficiencies of all to those availability.

Food security, I would suggest, poses huge potential economic, social and security issues. With this forum I am sure we will become increasingly involved. It could also be involved a considerable opportunity in research, investment and trade.

Its timely, therefore, that the Australian government through Prime Minister Julia Gillard has recently released a white paper entitled 'Australia in the Asian Century' which suggests how Australia might better connect with the region including importing into the identification and resolution of resource

availability issue as well as joint beneficiaries in the implementation of the agreed solutions.

Over the years Australia has provided much expertise and know how to Asia in such areas as trading, health, governance, agriculture and education through various assistance and developmental programmes. It is also true to say we have huge exports markets in the region in energy, mining and food. But we believe and we can and must do better to beat these new challenges and opportunities by encouraging high level of investments through regular political dialogue, better partnering, also with joint research and closer collaboration.

The great challenge for Australia is how to better adapt to new Asia. We are looking forward to your contributions through this forum on how you see us doing this.

I spoke earlier of my concerns over sustainability of the planet given current and projected rates of consumption. At global level we are attending to address this issue I hopefully involve in participating in the G20 a group of 20 which is Australia is a member along with India, Indonesia, China, Japan and South Korea. Australia will participate in the 2013 G20 in Russia then host it in 2014 in Brisbane followed by Turkey, then back again to Asia.

We see a wonderful opportunity for the Asian members of the G20 supported I will suggest this forum to take a leadership position in helping to shape the global agenda on the sustainable planet issue.

A sustainable planet will continue to be our priority for global organisations. As we work with you and others around the world through series of dialogues and discussions which bring together business people, academia, research colleagues and policy makers to help governments shape the appropriate agenda.

We at the Global Foundation are grateful to the public and private sector and we believe we can take the leadership and investments to work with

governments and institutions to find proven leading practice solutions to the sustainable future that involves not just good policy but make sound business sense. Too often in my experience, problems along with extensive studies when good solutions are exist if we look for them.

In conclusion there is no doubt, ladies and gentlemen that we live in a challenging time. The Global Financial Crisis, climate change, so called 'Arab Donned', ideological fanaticism, and resource availability and distribution issues are indeed testament to this.

But the human mind and spirit can and must arise above all these things to work as this forum is doing, for a better, happier and more sustainable planet. I wish the forum well and I hope that your stay in this country meets up to all of your expectations.

**Special Keynote Address by First Vice Chairman, China council for the Promotion of International Trade (CCPIT)
Dr. Zhang Wei**

[Speech was in Chinese]

Vote of Thanks by Adviser WCEF, Dato Seri Dr. Chua Soi Lek, former Minister of Health, Malaysia

Looking back we can see that there is a platform for interaction. The World Chinese Economic Forum has indeed experienced a remarkable growth and evolution. The first World Chinese Economic Forum took place in 2009 and the theme for that economic forum included the phrase 'building the business linkages and chartering new frontiers'.

These clearly reflected our core focus which was and still use the amazing unexplored potential of the linkages between China and her neighbours in South East Asia, India, Australia and the Middle East. Four years down the road we are happy to see that World Chinese Economic Forum has truly taken flight and growing from strength to strength. And we are delighted to share with you that the forum has received the strong support from the Federal

Government of Australia and State Government of Victoria. The Governor of Victoria his Excellency Alex Chernov came to the forum Malaysia last year and welcomed the forum this year to Melbourne.. I would like to take this opportunity to thank the Australian government, State government of Victoria, the Governor of Victoria his Excellency Alex Chernov for inviting us to hold our first Chinese Economic Forum abroad.

Besides encouraging support from the host government we are bringing the forum to Australia because we see Australia with its vast natural resources, rapid economic growth and substantial Chinese population road in to join this economic corridor. We are glad to know that Australia in the Asian Century White Paper which was recently been released by the Australian government emphasised its importance to maximise its linkages with China and other Asian economy to become the top wealthiest nation in the world. Australia sees a growing nation as an opportunity rather than as a threat.

When we decided to come to Melbourne we feel that today we have made the right choice. Now I know that all of you are keen to get started so I would like to take time to thanks to those who have contributed to make this event possible. His Excellency the Hon Tan Sri Muhyiddin Yassin, the Deputy Prime Minister of Malaysia despite his heavy schedule, and an impending general election in Malaysia has also consented to take time off to be with us in this morning. Thank you Tan Sri. His Excellency Alex Chernov who will be hosting a reception to night. Thank you your Excellency. Tan Sri Michael Yeoh, Dr Zhang Wei, Tan Sri Lee Kim Yew and in fact it is an honour to have all the distinguish guests to be part of this opening ceremony, including his Excellency the Premier of Victoria. Thank you also to all the speakers and we are fortunate to have a very impressive collection of accomplished and experienced speakers who I am sure make this forum very honourable.

To our sponsor thank you for your generous support. And to the members of the media thank you for your effort. Just in reporting about the forum I am sure you are adding your invaluable analysis on the discussion. And to all the

organisers and those who worked tirelessly behind the scenes to make this event possible, congratulations on the job well-done! Our heartfelt gratitude to all your efforts, and finally to all the participants thank you for being with us for these two days. I know some of you have travelled great distances to be with us today. So ladies and gentlemen I hope this forum will prove to be exciting, memorable and valuable experience to all of us.

SESSION 1:

CHINA AND THE WORLD: REALISING OPPORTUNITIES FROM PARTNERSHIPS WITH THE RISING DRAGON

The Hon Dr Craig Emerson, MP (Minister of Trade and Competitiveness, Australia)

Dr Emerson highlighted to the audience that the Free Trade Agreement with Malaysia was concluded, and thanked all of those involved.

He then spoke positively about China's rise as being not just a rise but a re-emergence, pointing to China's position as the largest economy prior to the industrial revolution. It was stated that since the opening by China in the early 80's to trade its productivity growth has been in the order of 10% compared to 2% per annum for the West, creating opportunities for China and Australia.

That the combined economies of Asia will be bigger than the Economies of Europe and North America underscores the dimensions and that by 2030 there will be 3 billion middle class in Asia and Australia will be looking to fulfil its roles in servicing that market.

Dr Emerson noted that China is about to have a leadership transition but that he believed that China will continue to change its growth model to spreading its wealth, increasing consumption, and that this has important implications for Australia being "the second great post war transformation".

He discussed the "Australia in the Asian Century White Paper" pointing out the areas of service, agriculture, and back to manufacturing opportunity.

Having abundant natural resources including energy resources, and agriculture which is developing further and will be a spur to regional development plus being seen as clean and green, with a transparent legal system and good education system as well as being in the same time zone means Australia is well placed to service the growing middle class of the region.

He foresaw services, education and tourism growing, and that manufacturing needs to fit in with the regional supply chains and also the need to bundle services in with the components manufactured, creating a higher quality output. The final note was that Australia welcomes international investment not withstanding a concern regarding state owned enterprises.

Dr Ken Henry, AC (Special Advisor to the Prime Minister, Australia and Chairman, Special Task Force – “Australia in the Asian Century”)

Dr Henry looked at the shape of economic growth and implications for Australia in the Asian Century. It was noted that China and India increased the size of their economies by six times in the past 20 years, tripling their share of the global economy. . This is in China’s case 100 times the size and ten times the speed of the growth the UK experienced in the industrial revolution. 40% of global activity is currently in Asia and by 2025 is projected to be 50% with 25% being in China and 4 of the top 10 economies will be Asian (China, India, Indonesia, Japan). The growth has not only been rapid but its pattern has implications for Australia, but is not the first time with Japan and South Korea being earlier examples.

He pointed out that the pattern of growth began in each case with low cost labour intensive industries, that attracted initial investment capital and as the cost of labour and the currencies rose there was a move up the value chain and changed business models with the aim of maintaining competitiveness.

Integrated processes have led to regional production networks, highlighted by Japan’s relocation of production through Asia in the mid 80’s, as its currency appreciated. As the Asian Tigers developed, consumption rose and domestic

markets developed, innovation increased, services markets developed and this process can now be seen occurring in China.

Integrating supply chains has increased connectedness in the region and the world resulting in increased competition and pressure to reduce trade barriers and also increased foreign investment bring new skills.

A third observation of Dr Henry was that China will be an originator of foreign investment, and that resources and energy will be the prime areas of investment, moving to other sectors later.

He noted three lessons as his final points: a change in mindset is needed in Australia that looked for opportunities in Asia, requiring investing in the right skill sets. 2nd was that firms will need to be able to adapt and change their business models. The final point is that partnerships through the region, in all areas of government and business need to deepen and broaden as competition grows.

Professor Edward Byrne, AO (Vice Chancellor and President, Monash University, Australia)

Professor Byrne spoke about Monash in Asia and it being a time of “massive transition”. He commented that when he used to travel to London he felt that he was at the centre of the world and that this is not the case now and Australia is now at “centre stage”. Australia is well placed not just geographically but also intellectually and has the opportunity to contribute greatly with 2/3^{rds} of the world’s middle class living in Asia within 10 years.

Industry and commerce is important in developing relationship between countries, as is a cultural understanding. Monash began its interaction with Asia with the Colombo Plan after WWII and this was “pivotal” in developing a cultural link.

He noted the same thing is happening now with China but on a larger scale. 20 to 30 years ago the number of students at Monash University from SE Asia was in the order of a few 1,000, today there are 15,000 from Asia with

10,000 from China. These are the future leaders and will help develop Australia's relationship, as students from Malaysia and SE Asia did earlier.

His case study pointed out that Monash University's Sunway campus is the jewel in the crown of western universities as it is the best private university in Malaysia, because it is a partnership with input from Malaysia and Australia. It is research intensive and has led to both industry involvement and student exchange.

In India Monash has developed a research academy funded by Indian industry. Currently there 350 PhD students enrolled and over 1,000 applying for a position at each intake. This is another example of developing links in the region.

A further example was a Chinese collaboration, being the 3rd foreign university licence. This he described as the most exciting thing ever undertaken by Monash University. Current there are 300 in the Masters program and within 18 months there will 1500 in Masters and PhD programs. The aim is to reach 5000 post-graduate students and it is anticipated that the research level will be nearly equal to that conducted at Monash University in Melbourne. This campus built by the Chinese government with input from Singapore is an example of high level interaction and cooperation. He stated that this is the future and universities have a role to play.

The professor next looked at the "giant to the north", Indonesia. The links and engagements that Monash University are forging can help ease tensions both culturally and politically. He ended by stating that universities and education have a crucial role to play in creating bridges between Australia and the "great powers of Asia".

HE Chen Yuming (Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to Australia)

The focus of HE Chen Yuming was on China's development orientation. He highlighted that the 18th National Communist Party conference in November

will identify key policies for the next 5 to 10 years, it will embody the desires and aims of the Chinese people and is important for the rest of the world.

His thoughts were that China is continuing to reform and open up its economy, transforming its growth pattern and promoting development and prosperity. In the coming period China's imports will be in the order of 10 trillion USD, add to this its outgoing investments it will help with the growth of the world economy.

Peaceful development is embedded in China's 5000 year cultural heritage, HE Chen Yuming stated. Dialogue and negotiation, he continued, will be used to continue peaceful development and maintain territorial integrity. He pointed out that as stated in the white paper -Australia in the Asian Century- that China's growth is a natural and legitimate part of its development.

China will continue to build good relations with its neighbours and develop policies for stability and prosperity, and build on the base that that has made it the largest trading partner of ASEAN, Australia, Japan, Korea, and other neighbouring countries.

A constructive role in the region by the USA is welcomed but respect for the concerns and interests of China need to be shown.

These years marks the 40th year of relations between Australia and China, and through "thick and thin" remarkable achievements have been made to date. High level and strategic dialogue between leaderships and exchanges at all levels have helped develop the relationship. He stated that the interests of both countries are tied and are mutually beneficial.

Trade is developing in energy and resources to new areas of livestock, finance, students and tourism which is adding the development of cultural and people to people exchanges. He concluded by saying that this growth in relations has benefited both peoples, creating peace and stability, and over the next 40 years we are duty bound to continue to build on this political trust and cooperation.

Dr Guo Wanda (Executive Vice President, China Development Institute (CDI))

Dr Guo Wand pointed out that China's growth is still good although it has had to absorb the negative impacts from the international market. Consumption is up 14% and investment is still growing.

The money supply is growing faster than economic growth and policies have been changing to meet the changing environment. With this China is still the fastest growing of the BRIC economies even though the manufacturing sector has had slowing exports.

Challenges in the manufacturing sector include, that wages in manufacturing are 3 times higher than ten years ago and the RMB has appreciated 20% in ten years. The doctor indicated that these factors are likely to fuel innovation, and so resultant projected GDP growth is that by 2026 China's economy will be equal in size to the USA.

Other factors to watch include the urban population trend, by 2020 – 50% and by 2040 it will reach 75%. The current growth rate is 1% per year. Another is that income in urban areas is rising faster than the rural areas drawing more people to cities.

With rising incomes demand for better services will fuel innovation and growth. His conclusion was that China will continue to grow despite the slow-down of the world economy.

Tan Sri Razali Ismail (Chairman, Global Movement of Moderates Foundation and Former President, United Nations General Assembly/Special Envoy of UN secretary General to Myanmar)

Everything has changed. There has been a shift of wealth and geo power from West to East. Tan Sri Razali Ismail discussed that it was not just the change from the ascendance of China, there has been a change in the government and non-government structure, changing the civil sector. And then there is the uncivil sector, the criminal groups that will cause problems throughout the region. They have developed sophisticated methods of

trafficking drugs, people, and endangered species. This needs to be controlled as does a view to environmental sustainability in the rush that is occurring in the push for economic development.

China represents an alternative model which is attractive to a number of countries in SE Asia. Using State Controlled Enterprises, as China has done successfully, is making others in the region think that this may be effective for them as well.

But he noted that China still has “growing pains”, because of its rapid growth and the incoming generation is going to begin to influence the current power structure. So in dealing with the “rise and rise” of China we need to take into account that it has its own internal pressures.

The question then becomes one of how will the countries of SE Asia respond to China’s growth and influence, and the how will the USA influence the interaction? How will ASEAN avoid heightened tensions? The answer also lies with China. It needs to show that it will not be a regional bully; it needs to listen to the concerns of others in the region.

The danger is if the countries of SE Asia get tied up with the USA to attempt to contain China. There needs to be moderation and avoid heightened nationalism which will damage relations in the region.

Dr Jonathan Choi Koon-Shum (Chairman Sunwah Group, Hong Kong and member, National Committee of China People’s Political Consultative Conference (CPPCC))

Dr Choi began his address pointing out that Hong Kong believes in free trade although it was not included in the China/ASEAN FTA. Even with what has occurred, the Hong Kong government and Chamber of Commerce would like to promote its involvement. He has been pleased that, as he sees it, now China, Hong Kong, and ASEAN are working together and the report including Hong Kong was very positive.

Hong Kong played a role in the integration in 1997 when it was returned to China, and now the system is one country 2 systems. This means Hong Kong is able to maintain its capitalist system under the protection of China whilst China maintains its socialist system. Therefore, as China is now entering its 12th 5 year plan Hong Kong as an entity opens a new chapter and sees its position and strength in trade, shipping and as a financial centre for the country. It will also be an important settlement centre for the RMB as the currency becomes an international currency.

Hong Kong is part of China like Beijing and Shanghai and also part of the international world of London and New York. In this role it is anticipated that more than 50% of SOE's will have a presence in Hong Kong. He also noted that as many Malaysian companies are listed in Hong Kong this highlight its importance in this part of the world.

As well as being a financial centre, Hong Kong has been important for China's integration into international markets and especially Guangdong's. It is only a one hour fast train trip between the two including the new economic zones of the region.

Close Economic and Financial Agreement (CEFA) between China and Hong Kong means that most goods are duty free and this is being expanded through to 2015 further enhancing integration.

Hong Kong's GDP is 90% from service industry and can service the Chinese market and is well positioned for the ASEAN countries.

He explained that there no competition between Singapore and Hong Kong although they are both financial centres. Singapore is in the middle of ASEAN and Hong Kong is in the middle of Asia

Dr Choi Koon-Shum agrees that this is the Asian century and would like to see Hong Kong fully involved.

SESSION 2:

GLOBAL ECONOMIC SHOCKS – HOW CAN AUSTRALIA AND ASIA COPE? CAN CHINA BE THE SAVIOUR IN A PERFECT ECONOMIC STORM?

With Europe continuing in its economic and financial quagmire, how can China play a key role in helping European and other developing countries recover from the Global Financial Crisis? What is the prospect of sustained robust growth in China? What is the economic outlook for China? Will it have a hard landing?

Professor Zou Mingrong, Executive Vice Chairman of China National Committee for Pacific Economic Cooperation

The first speaker was Professor Zou Mingrong, Executive Vice Chairman of China National Committee for Pacific Economic Cooperation, who spoke about the current economic situation in China and the road ahead as the Chinese government sees it. The average annual GDP (gross domestic product) has been around 10 per cent over the last 33 years. China's aggregate GDP in 2011 was US\$7.3 trillion which was half the US amount. It was estimated that the current growth is somewhere between 7.5 and 8 per cent. Over the last seven years, the RMB has appreciated by 35 per cent. The depreciation of the US dollar and the appreciation of the RMB have made the US dollar weaker.

There are several important factors which have caused a slowdown in recent months. These include the uncertainty of the external demands, the Chinese government macroeconomic policy, and the end of the four-year stimulant package introduced in 2008. It is expected that the average growth will be about 8% in 2013 and onwards. The predicted road ahead includes the reform of the export-led and investment-driven growth model through three shifts: the development of private consumption, the reform of the vicious growth cycle, and the carrying-out of a through industrial restructuring. The Chinese government has already released one trillion RMB investment in 60 projects. It has reduced the interest rate in order to release more bank loans and it has installed policy goals to: prevent inflation, ensure steady growth,

increase employment and maintain both an internal and external balance of payment. China sees itself as capable of another two decades of relatively high growth. This is envisaged because of the following expectations: the national income growth model by the official, the development of China's central and western regions, and the urbanisation of 350 million people over the next two decades providing a local market big enough to push China's growth.

Professor Zou raised queries about future economic policies at a world level. He saw that they might bring about negative effects on new emerging economies such as China. He then discussed economic reform measures to be introduced by China's new government. He commented on the market-oriented financial reform on both interest rates and exchange rates by 2015 as well as tax transformation, transformation in the public and social sectors and the reform of income distribution. He asserted that China tries to serve as a stabilizer of the global economy but that this requires the concerted effect of all countries especially the developed countries. He then further commented on the new leadership in China. He asserted that they are determined to continue the policy of reform and opening up. The new leaders are knowledgeable. They know China's rural situation and they know the world. They are also reform-minded and then they know that the people are confident that the next decade led by the new government will bring a decade of prosperity.

Professor Zou said that although we are still under the shadow of the global crisis there are signs of improvement in the US economy and in Europe's debt alleviation. He said that the future demands 3C's: confidence, cooperation and concerted effects and he predicted that China would maintain a steady growth in the next decades.

Mr Rajiv Biswas, who is the Asia-Pacific Chief Economist of IHS Global Insight, Singapore,

Mr Rajiv Biswas, who is the Asia-Pacific Chief Economist of IHS Global Insight, Singapore, spoke about global economics shocks: can China be the saviour in a perfect economic storm. The IHS has completed more than 30 strategic acquisitions since 2007 deploying more than U\$1.8 billion in capital. These acquisitions have enabled the company to expand its information and insight into the economies of Asian countries. The IHS has dealt with many areas of business, for example, agriculture, clean energy, military and security etc. He emphasized that Asia-Pacific will achieve the fastest real GDP growth in the next 10 years and with other American countries apart from the USA will become the greatest consumer markets to 2020. From this one can see that economic power is shifting to Asia.

Mr Biswas maintained that ASEAN which consists of the combined smaller countries of East Asia will have a 10 trillion dollar economy by 2030. The most important of this, according to Mr Biswas, will be Indonesia and other important economies will be those of Thailand, the Philippines and Malaysia. He pointed out that Australian exports to China and the EU have changed significantly between 1991 and 2011. In that period of time, the Australian exports to China have risen from about 3% of Australian exports to 27%. At the same time, the Australian exports to EU have fallen from about 13% to 7% of Australian exports.

He listed what he called "top global risks in 2013". These included: the European meltdown which included Greece's exit from the Eurozone, Spain's downward spiralling economy with the contagion spreading to Portugal, Italy and France. He then listed China's hard landing with the real estate market bubble bursting, the loan defaults by developers and local governments triggering a bank crisis and a credit squeeze with the government responding with limited fiscal stimulus. He also talked about the United States fiscal cliff. He stated that the fiscal contraction in the US has resulted in a loss equal to US\$488 billion. He pointed out that the tax cuts would expire at the end of

January 2013. All this loss of revenue has led to big cuts in defence spending. He also listed the Iran oil price shock. Western sanctions have severely damaged Iran's economy.

Mr Biswas' pointed out how China's economy is not without the influence of the global finance situation. He also discussed how the relationship between the power (electricity) demands and construction operations was closely linked to the macroeconomic activities of the time. The new areas for development in China include the central and western provinces. This involves a western shift in China's urbanisation. These areas have as yet not been greatly developed and hold out great promise for China's future development.

Mr Clyde Prestowitz, President of Economic Strategy Institute in USA

Mr Clyde Prestowitz, President of Economic Strategy Institute in USA presented a different point of view. He maintained that China could not save other countries in time of an economic crisis. He used the EU as an example. He maintained that the EU was America's greatest trading partner and that fundamentally whatever happened in the EU would affect the US' economy. From this, he assumed that the EU's problem could only be settled by the US. He also discredited the idea of Asian economies' developing continually. He pointed out that there were signs that China was already experiencing declines in certain areas of economy. He also pointed out that predications had formally been made about Japan's progress which has not come true. Although he was not pessimistic in his approach, he suggested that we should be careful in making predictions about Asia's future.

SESSION 3:

GLOBAL ENTREPRENEURSHIP AND COMPETATIVENESS – CONNECTING DIASPORAS, BUILDING LINAKGES

Tan Sri Kim Yew (Founder, Mines Resort City and Patron, WCEF)

Tan Sri Kim Yew began by discussing how entrepreneurs grow the economy.

He pointed out that over the last thirty years he has been involved in many businesses and was called an entrepreneur but he considered himself too young to be a business leader.

It was not until he was 42 years of age that he started property development. Developments included projects in Mauritius and London.

His definition of entrepreneur included someone who worked extremely hard and acquired self-knowledge.

The ASEAN financial crisis hit his company unprepared for the situation and then the 2008 financial crisis hit. These events taught him how to turn crisis into opportunities. The interpretation of entrepreneur in Chinese is Create/Born. Entrepreneurs must create with the benefit of mankind in mind, that they must have and carry good thoughts and not hurt others parties. He was very critical of those businesses that attempted to profit by selling tainted milk products in China. To him this is not the essence of entrepreneurship.

He then spoke of the Chinese diaspora. Learning from the West can be helpful on how to progress but there can be a better way and we can also learn from the mistakes. Examples included learning manufacturing processes and the car industry, but the West can also learn from the East.

He concluded with the thought that for an entrepreneur it does not end with just one project but you need to be continuing to look to where you can invest (and still do good – maybe solve the world food crisis). An example was given using the Die Hard movie that the value of your money will diminish if it is not working.

During question time Tan Sri Lee commented that the entrepreneur can be different due to different environments but all rely on trust and hard work.

Dr Francis Chua (Chairman Emeritus, Philippine Chamber of Commerce & Industry (PCCI))

Dr Chua discussed in depth and gave a number of examples in explaining the Chinese Diaspora in the Philippines. These included:

- Using Chinese investment and foreign CEO Managers
- Using foreign investment and Chinese CEO Managers
- Using Chinese investment and Chinese CEO Managers

Chinese historically have travelled worldwide as have the Indians.

The first example was Suodono Sally of First Pacific that grew in 4 areas but focused on one client being every citizen in the Philippines. Owning 6 hospitals, electricity and water distribution companies, television and newspaper companies, his point was concentration of investment in geographic markets.

The next example was Mr Tan of Sunview Corp, who took the business beyond electricity generation but through his friends in transmission and water distribution to building hydro-electric dams with the aim of controlling all the water resources in the country. In transportation he is not just in airlines but also airports, not just highways but also railways. The contrast with First Pacific is that he has taken the business to the next step.

The third example was Mr Tony Tan, who went to USA learn the food retail business at McDonalds University and when he returned was able to complete successfully against McDonalds. He now has many branches and franchises. He then took his skills to China, USA and Australia.

These are examples of the Chinese diaspora who manage with or without their own money.

Dr Chau then highlighted that there were many other examples and named a few. The lesson he said was to build a business you need to build your connections, and the Chinese Chambers of Commerce are a good resource.

Mr Low Tuck Seng (Special Adviser, Swiss-Asia Chamber of Commerce, Switzerland)

The Chinese diaspora has developed and evolved as has China, developing both new meaning and sense of direction. He noted that China's ascendancy has created a new diaspora which is driven by not just geo politics and economics. There is thirst for resources and knowledge and a "hunger for adventure" as well. This is beyond the personal but a business adventure and what needs to be appreciated is China's scale.

An example given was Chui Hi area hosts the 4 largest civil space shows in the world and is on track to be one of the largest centres for aero-space in the world. Across many industries this is occurring in China and overseas Chinese are at the same time reconnecting with China in this vision and force for expansion.

He then introduced a twist relating to Switzerland as a small land locked country with 10% of its citizens living overseas has built global industries in scale as is their vision. Examples included Swatch, Nestle, and Pharmaceuticals. He also noted that many medium size businesses also have developed niches. Further noted was that geography to the Swiss was not an issue.

Mr Low spoke of the factors that are necessary for success, stating that people can connect in many new ways but there is no substitute for good governance whatever the business. Business to be successful needs to be lead and have a presence of top quality people.

Also trust needs to be developed by people, there needs to be an openness and understanding of the people and cultures. Trust means many things but it needs good government, enterprises, and people to develop openness and understanding.

And there needs to be a presence on the ground to develop the trust and relationships.

The Chinese diaspora has developed the above and he used the example of the past Lord Major Mr So who is originally from Hong Kong.

He concluded that what is required for success is boldness of vision.

During question time Mr Low stated that part of the learning of entrepreneurs is failure and this is often the most important part of the process.

Ms Anne Lee (Investment Director, Bowen Enterprises (Pte) Ltd and Committee Member, Singapore Chinese Chamber of Commerce)

Ms Anne Lee spoke about ties to many industries including tourism and manufacturing and their impact on Singapore's development. Singapore's development she hoped not only helped Singapore but has had a positive impact throughout South East Asia and China.

It was noted that education was a tie that Singapore had to Australia due to the number of students studying here.

Key Success factors for Singapore include: productivity, branding, inventions including biotechnology and healthcare, and collaborations many of which in recent times have been with both the USA and China.

India is also becoming important because the infrastructure development progressing within the country.

The ASEAN countries have also been important and there has been a continuous development of cultural understanding which has become closer over the past ten years. Language is seen one area of building the relationship, although English has become the business language.

With the aging of the original Chinese diaspora the new generation has to be strong enough to take up the challenge.

A higher respect for all Chinese has been seen due the rise of China and this has had a positive effect on the confidence of Chinese diaspora.

Ms Lee noted that role models are very important in educating individuals and for the development of character as is personal reflection.

SESSION 4:

"GLOBAL CORPORATE CITIZENSHIP – CLIMATE CHANGE, BUSINESS RESPONSIBILITY & ETHICS"

As the role of corporation become more important as drivers of economic growth, corporations increasingly have a civic duty to contribute to nations and the global community. How can corporations address major global issues like climate change, business ethics and corporate social responsibility? How to shape new partnerships with other civic groups to ensure sustainable development?

This session was concerned with the responsibility that all people have for helping to cope with the problems in the world especially economic problems. An emphasis was made on the interdependence of all societies. The problem of any particular country involves not only all the members of that country but also the people of other countries. In this regard, government cannot act to solve all the problems. It is the responsibility of all people in the country to be concerned and work for the improvement of their society as well as the welfare of others. This responsibility also applies particularly in multinational corporations. The question was raised about helping the poor and it was pointed out that this concern should not only be for our own country but for the whole world. Therefore it was seen that there was corporate responsibility for all kinds of programs that were aimed to help the poor. Mention was made of equality of opportunity and that all governments should strive for this type of opportunity especially in education and health. It was pointed out that there are organisations sponsored by welfare, religious and political organisations to try to help the poor and this needed encouragement. Mention was made of the Arab Spring where people seem to be concerned about the welfare of their country and seem determined to do something about it by their own efforts. Corporations increasingly have a civic duty to contribute to national as well as the global community. The questions still

remain as to how corporations may address global issues like climate change, business ethnics and corporate social responsibility.

DAY 2 – 13 NOVEMBER 2012

Special Session – “Minerals and Energy Spotlight – Meeting China’s Growing Demand: The Way Forward”

Professor Ian Rutherford Plimer (Director, Hancock Prospecting companies, Perth, Australia)

Professor Plimer spoke about the issue of China requiring mining to sustain its economic development and return to the economic dominance it had traditionally enjoyed in the past. Professor Plimer stated that no country has all of the resources it needs.

Australia, Europe and USA use a large amount of resources, most of which are not recycled, and China will also increase its demand for resources as it grows.

China has younger rocks than Australia and is a world producer of many metals and elements, but not all, included iron ore, tin, zinc and gold and this where Australia comes in, the professor stated. Australia is in a fortunate position in having old rocks. Australia produces almost all the minerals it needs (being the largest producer of iron ore and diamonds) and also produces enough food to feed 80 million people.

Australia and China need mining of these ores to grow and both are investing in Australian infrastructure.

Australia’s coal is cleaner than Chinese coal but there is competition from Indonesia, Nth America, and others, and from Brazil and West Africa for iron ore. The competition means that Australia needs to continue to work efficiently and effectively. Government legislation he said is pushing investment off-shore and deterring foreign investment.

China and India are pushing for a higher standard of living and coal is underpinning their development.

He drew attention to local inconsistencies in attitudes in Australia, with huge exports of coal and uranium and the opposition to local use.

Costs he stated, including the mining tax and carbon tax are causing prices to rise making Australia uncompetitive. His view was that the taxes were ill-conceived because it assumes that prices only go up. He also disagreed that human produced carbon dioxide emissions are the cause of climate change and that legislation in Australia will have any effect other than economic.

A point he also made was that historically it is only during warm periods that the world prospered.

He concluded on the point that China and India are experiencing an industrial revolution and need commodities from "countries with old rocks" (Australia, Canada, Brazil, South Africa), and if Australia does not provide the commodities, others will. To remain competitive Australia needs to reduce costs and untangle bureaucratic red tape which impact efficiency.

The Hon. Mark Dreyfus, QC, MP (Cabinet Secretary / Parliamentary Secretary for Climate Change and Energy Efficiency / Parliamentary Secretary for Industry and Innovation / Federal Member for Isaacs)

The presentation started with a comment that this century will bring Asia to the centre of the world economy and the economic shift was moving east at 100 miles per year, as stated by the Prime Minister. Mr Dreyfus then discussed how Australia and China can work together in climate change and the technology. He stated that sea levels have risen faster in 20 years than in the whole 20th century, that the 1st decade has been the warmest on record, the number of hot days has doubled in fifty years, and that our water supplies are likely to be impacted in Australia and China as a result of climate change.

It is a consensus that climate change poses a danger. The cost of adapting he said will be high in Asia and that clean technology is a key. Australia, he said, is taking firm action, signing the Kyoto protocol. Australia, he stated, is the largest per capita emitter and that a price on carbon is the best way to reduce emissions. Australian business will be assured access to international credits.

The renewable energy target is that by 2020, 20% of the energy will come from renewable sources. The aim is to drive investment in renewable sources. Australia's carbon pollution from electricity has fallen 7.6% in emissions intensity.

He discussed how no country could go it alone and new agreements will come into between 2015 and 2020.

China's growth is putting pressure on the environment and the health of its citizens and so improved efficiency is required and they are taking steps in this direction as well as exploring carbon pricing. The minister stated that China is currently the world's largest emitter of carbon pollution.

China and Australia are undertaking joint research on climate change technology as well as policy design. Opportunities he said exist for investment, innovation and financial markets.

During question time Minister Dreyfus discussed the reduction of duplication of regulations but was firm on maintaining what he saw as required levels. Answers to further questions supported sustainable growth as is the German position and although will not reduce emissions yet, they eventually will. He commented that listening to Professor Plimer would lead you to think that all regulation is evil and that his material presented was delusional and that he was misleading on capital flight and the risks in West Africa compared to Australia.

Special Session - "Business Collaboration in Agriculture & Food: Meeting the Growing Needs for Proteins & Food Security"

Mr Gary Helou (Managing Director, Murray Goulburn Co-operative Co. Ltd)

Mr Helou began by stating that Australia was well positioned and endowed to participate in the supply of food in the Asian region and that it is important for nations, governments, and private enterprise to work together in

developing supply. Australia and NZ, he stated, are major players in dairy and about 1/2 of Australia's production is exported.

Asia is discovering dairy but still 1/3rd of its citizens has not yet tasted cheese but that there is interest and growth in demand, currently \$4 billion in dairy is exported from Australia. Growth of dairy (not just milk but processed foods including ice-creams, yogurts in small packs) is set for double digit growth.

Global trade for milk is set to grow to 50 billion litres and at 5 to 6% per year over the coming 8 years. Dairy is the next frontier for growth and the growth projected is greater than the next two categories of exports together. Australia, NZ, EU and Nth America are the main suppliers to the world market and production is growing at only 2% pa; so prices are set to rise.

Dairy is a good industry for Australia as it needs to be processed at the source. Australia and NZ dairy is pasture dominated whilst Nth America and EU are barn and grain feed creating a different set of economics. Victoria and Tasmania produce most of the product for export. Farm sizes are 200+ and growing (some as large as 2000 cows) from 7000 farms, compared to India's 1 to 2 cows.

Murray Goulburn, Mr Helou's company, is wholly owned by the suppliers and produces 1/3rd of Australia's output, exports 1/2 of its production (77% is exported to Asia) and is the biggest shipper from the Port of Melbourne.

Mr Helou described the range of product produced from milk and milk products to dairy foods which are more processed and often portion sized such as yogurts and snack to powdered milk and inputs to other producers, Nestles was an example.

He concluded by saying that it is not acceptable to just export excess production and that to be successful products need to be developed that suit the needs of the target markets and Australia is in a favourable position to take advantage of the growing Asian demand.

In question time Mr Helou noted that NZ has a free trade agreement with China but that Australia still does not and it is giving NZ a great advantage.

SESSION 1:

“CHINA, AUSTRALIA and ASEAN – A NEW DYNAMIC for FUTURE GROWTH”

Mr Alan Oxley (Chairman, Australia APEC Study Centre, RMIT University)

Mr Oxley focused on the public policy questions that will help realise the potential between ASEAN, Australia and China.

He stated that the global economic slowdown is also slowing growth in the region and that China is switching its model from that of export based manufacturing to domestic consumption and services producer as the basis of growth. Asian led export growth is slowing because of EU and Nth American economies slowing. He stated that if capital had been able to flow more freely to the most needed areas of the economy the impact of the downturn may have been lessened. The economy of Australia is comprised of around 80% services and many Asian economies 40%, but as the economies grow the services sector will also grow.

Asia has open markets for manufactured goods, but the market needs to open for services, particularly for transport, finance and communication. Australia needs APEC to open markets for services and allows greater competition. Australia is globally competitive and most invest from Australia is in Europe and Nth America. Increasing competition in the services sector in the domestic markets is the key to growth in the Asian markets, he stated, and although there is a commitment to opening the markets action is slow and there has been little improvement in competition.

The game changer as Mr Oxley pointed out is building competitive domestic markets and it requires effective competition law and China faces a particular challenge. His view was that governments need to withdraw from non-government economic activities.

Regional agreements need to set common goals and open services and investment and competition in the domestic markets and in doing this the rules will need to be adapted to the needs of those markets not just transplanted from other economies.

Mr Michael Johnson (Managing Partner, Kokoda Capital, and President of Australia-Asia Business Council)

Mr Johnson spoke from the perspective of having spent 3 terms in parliament and knowing the current members of the opposition and the context of the "Australia in the Asian Century" white paper and now being in business and travelling to Asia regularly

He quoted an academic from Queensland in 1932 that relates to today and was along the lines that Australia should be engaging with Asia and is a natural market which still holds true today and indicated the vision of some many years ago.

The second quote was his from his 2001 maiden speech, and related to globalisation being here to stay, that no country can go it alone and that Australia is well positioned and needs to build ties with the region.

He stated that doing business in Asia can be difficult, an example was the Fosters Group but another example was IAG, who are doing well. They have people on the ground, local partners and transfer technology where needed. Success requires an engagement with knowledge and understanding.

He then gave another example, this time of how not to approach foreign investment, Cubby Station. It was approved with strict conditions but then the investment and approval were criticised the by the Opposition even though there were no local offers for the station.

Mr Johnston concluded with the assertion that there needs to be a bi-partisan approach and a greater understanding of Asian investment.

John Denton (Partner and CEO, Corrs Chambers Westgarth Australia and Representative to APEC Business Advisor Counsel and co-chair, Commonwealth Business Council)

Mr Denton spoke of new dynamics for future growth in the region. The old foundations were existing supply chain arrangements, existing capital flows and infrastructure requirements, and existing relationships. China is impacting these past successful dynamics.

APEC members have had 50% of global GDP, high growth and lowering tariffs in recent history. He then outlined how we can do even better.

1st -Better regional connectivity. This long term goal has been supported by China. ASEAN is China's 3rd largest trading partner and China is ASEAN's largest trading partner all helped by the free trade agreement and will strengthen.

Singapore has developed its connectivity to the point where 70% of ASEAN trade is with or through Singapore and China studied the Singapore experience of high connectivity with ASEAN.

Mr Denton pointed out that support for China's connectivity comes from the highest levels from within its government and is ready to support finance platforms and maritime activities.

Supply chain integration is not unique to China but these value chains across regional borders have aided in the development of many of the regional economies. Soon, as China moves up the value chain it will lose some of its cost advantage causing movements in production and further integrating the region.

The New Dynamic he described will include greater Chinese investment, capital flows, better infrastructure, and an open trading system. Chinese investment in the region is lower than its investment in the USA and even Australia. There is a need to connect to small investors and lower levels of government and reduced barriers to trade and capital flows.

His final point was that Asian financial markets are under developed and are more closely linked to international markets than to each other in the region and that there needs to be more confidence in the local markets.

Ambassador Delia D Albert (Former Foreign Secretary of the Philippines / Senior Adviser, SGV & Co (member firm of Ernst & Young Limited))

The ambassador described Darwin as a gateway not as a backdoor and should be more greatly utilized. His experience found that in Europe it was difficult to get attention towards ASEAN although this may be changing.

ASEAN is now 45 years old and is growing in strategic value and influence and co-operation within the region is growing.

The evolution of ASEAN was discussed and insight into its development from 5 to 6 and 10 members was noted as were the ASEAN plus 3, the 10 +8 group, the 10 Dialogue partners and the ASEAN Regional Forum. He outlined, Australia's position, and the growing influence and co-operation in areas of finance and trade, natural disaster management, and the pushing for a Free Trade Zone helped reinforce the importance of the group.

The ambassador discussed Australia's importance in the discussions on security in the region and the role to-date.

China's was also noted as growing in importance over the life of ASEAN and especially the growing dialogue in technology and science, tourism and the environment.

Professor Anthony Milner, AM (Basham Professor of Asian History, Australian National University; International Director, Asialink)

The professor began by pointing out that whilst Australia is growing and will continue to grow, in the Asian Century the region will grow faster. The USA will also grow but like Australia not as fast, so in the view of the speaker we need to be more Asian orientated.

He then asked "What does this mean?"

According to the White Paper, Asia is a diverse system and Australia is positioned well in terms of legal, education, and other institutions. The appeal needs to be appreciated as more than just India and Japan and the lack of focus on ASEAN have been difficult to understand as it is 24% of international trade, with China at 34%, Japan 20% and India at 5%.

From a European perspective Australia is a perfect position with European business able to move into ASEAN from here. They must develop an ASEAN strategy, developing more education projects as an example.

Professor Miller finished by stating that Australia is not an ASEAN country but ASEAN is used to dealing with Australia and this should be built on.

Dato' Jebasingam Issace John (Chief Executive Officer, East Coast Economic Region Development Council (ECERDC))

Dato' Jebasingam spoke of China, Australia and ASEAN in terms of a new dynamic building on the long shared trade and economic relations.

In 2010 the China-ASEAN Free Trade Area removed many trade and non-trade barriers and has led to increasing investment and development. China is now its largest trading partner and it is China's 3rd largest and has created a market of 1.9 billion people.

He also discussed the Malaysia-Australia Free Trade Agreement and the Malaysia-China Free Trade Agreement both driving closer links through the provision of private and government investment. Trade parks in Malaysia and China in special economic zones are adding to the potential of not just Malaysia and China. Target industries for these parks were listed as, Equipment for plastic and metal industries, Automotive components, Fibre cement board, Stainless steel products, Carbon fibre, Electric & Electronic, Information Communication Technology, Renewable energy, Petrochemical, and Non-ferrous metals.

These parks were noted as developing the economies of both Countries.

SESSION 2:

“EDUCATION PARTNERSHIPS and the DIGITAL ECONOMY – NEW OPPORTUNITIES in the NEW ECONOMY”

Education flows from China and Southeast Asia to Australia has been growing from strength to strength and Asian students are a key component of Australia universities. Increasingly, more Australian universities are exploring partnerships with Asian institutions of Higher Learning. These educational ties are mutually rewarding and can be further strengthened. However, as the global economy and industries are experiencing digital transformation, how would education institutions reorganize themselves to fully embrace the digital economy? What should universities be doing to prepare their graduates to take on the New Economy and take centre stage in these transformational phenomena? What are the challenges and new strategies for institutions and graduates to compete in the New Economy?

Anthony Wong, the Chief Executive of AGW Consulting

Anthony Wong, the Chief Executive of AGW Consulting, spoke about the impact of the Digital Economy and how it will transform the educational landscape bringing with it both opportunities and challenges. He stated that online revolution brings to us devices of unprecedented power which are helping to shape future economics including education. He spoke of these changes as the greatest development since the invention of the printing press. He spoke about massive open online courses (MOOCs) including both for profit and not for profit ventures. Some of these are launched by educational institutions of a very high standard such as MIT and Harvard. Stanford University claims to have 160,000 students in 190 countries in an artificial intelligence course which is available in 44 languages. This raised the question of the place of traditional universities and also the question of how online courses should be financed. Such programs offer enormous opportunities and challenges. It raises the question of how it will transform education and how we should develop online content and learning and how we need to rethink the process of teaching. It makes possible cooperation between students of various countries and in Australia it raises the question

of all students having access to at least one Asian language. It also makes it possible that every Australian university can have an exchange program with at least one major Asian university. Australia already had in 2011 550,000 international students of which 77% came from Asia. Education has become Australia's 4th largest export. Partnerships with Asian universities make good sense, reducing government funding, introducing rapid transformative change with the digital economy and servicing the rising Asian economies and the growth of the Asian middle class.

Mr Larry Gould, Managing Director of Australia Wide Business Training and President of Australia-Malaysia Business Council, Melbourne

Mr Larry Gould spoke about "Creating a 'Fit for Purpose' workforce. He pointed out that in this century Asia will be the world's largest producer of goods and services and also the largest consumer. He spoke about the rise of the Asian middle class and prophesied that global growth will emanate from the engine room of Asia. As a result business will need to become responsible of and accepting of the digital economy. It will need to continuously innovate and increase efficiencies. It will need flexible plans for long term sustainability and profitable growth. It will also need to integrate human response strategy with business strategy and have a workforce that is "fit for purpose". This means workers will need a formal education from schools and universities together with work experience and/or practical application of business centric learning and development and competence within the job. Workers will need to be able to gain further knowledge and develop further skills and accept greater accountability and responsibility for the delivery of business outcomes. The new economy will demand new thinking with complementary partnerships between higher education, vocational education and training and business. This will require blended learning. He defined the digital economy as a global network of economic and social activities enabled by platforms such as the Internet, mobile and sensor networks. He prophesied changes to existing curriculum in higher education institutions to include courses in marketing, sales, customer service, advertising and promotion, relationship

management and technology options. He ended by stating again that the end game is to develop a “fit for purpose” workforce capable of delivering greater business outcomes.

Elizabeth Lee, Senior Executive Director of Sunway University in Malaysia

Elizabeth Lee who is the Senior Executive Director of Sunway University in Malaysia spoke about Australia’s digital economy: future directions. She emphasized the importance of education and the new economy and compared the characteristics of Gen Y learners with Gen Z learners pointing out that Gen Z learners are naturally at ease with technologies, socially responsible and consistently connected. She maintained that teachers need to play a mixed role between being collaborators and facilitators. They need to be lifelong learners and both technologically efficient and literate in order to make informed pedagogical choices. They need to teach students how to learn to learn. There are many ways of communicating in modern world via Email, Blackboard, SMS, Skype, Facebook, Twitter and other social media. She also spoke of the role of institutions and the impact of technology on student learning. She spoke about the Malaysian education blueprint (2013-2025) including developments in online learning. She lectured about the requirements within a learning institution. She outlined what she considered to be the essential features of a modern teaching institution. She quoted from the National Institute of Child Health and Human Development report: “An [educator’s] main role involves more than helping students merely acquire content and information. Rather, it involves helping students develop the social, emotional, and ethical qualities that will enable them to have success in school and success in later life.”

Professor Susan Elliott, Deputy Vice-Chancellor (Engagement) of the University of Melbourne,

Professor Susan Elliott, Deputy Vice-Chancellor (Engagement) of the University of Melbourne, in her speech on “preparing graduates to take on the New Economy” talked about the future of a university in a digital age. She

briefly outlined the University of Melbourne's connection with overseas universities and discussed the globalisation of the subject offered through the Melbourne Law School. She also outlined the free online learning courses offered by the University of Melbourne through Coursera. The University of Melbourne has 52,000 students enrolled in the university's free massive open online courses which begin in 2013, the most popular of which is the principles of macroeconomics. Most courses run for about seven weeks. She finally discussed the summer school run by the University of Melbourne at Tsinghua University, Beijing, China.

Dr Fong Chan Onn

The topic of Dr Fong Chan Onn's presentation was "Education Partnership & the Digital Economy – New Opportunities in the New Economy". In 2011 there were a total of 263,837 East Asian students studying in Australia, of which 60.5% were from China. Dr Onn mentioned Australia's principal exports. He was particularly concerned about Australia's connection with Malaysia. Malaysia was a pioneer in the so-called Twinning Program. Since 1995 a total of roughly half a million students have taken advantage of this program. He discussed the collaboration between the private sector and the universities in Malaysia to foster innovation. He commented that there is a need for more Australians to study in Asia for better economic and international relations. He saw Malaysia as an ideal platform for Australia to be connected to the rest of Asia; Malaysia is a microcosm of Asia with a wide diversity in culture, ethnicity and religion; Malaysia has high academic standards and possess a pool of talented human capital; Malaysia and Australia have long standing relations and there is a great deal of good will between Malaysia and Australia as many Malaysians have studied in Australia.

Josef Yap, President of Philippine Institute for Development Studies

Josef Yap, President of Philippine Institute for Development Studies, delivered an address labelled "Human capital development in the Asia-Pacific region: issues for regional cooperation' Firstly he discussed the relationship between economic growth and educational attainment, then followed a discussion on

transnational education. He paid particular attention to the Philippines where education is currently losing momentum. He questioned that whether the Philippines could be a knowledge hub, but at the present it is unlikely as there is a lack of resources and the Philippines is falling behind in economic growth. This is partly due to conflict within the country. He compared the situation in the Philippines to that in Malaysia. He recognized the value of ASEAN but questioned whether the Philippines was yet ready to accept any surveillance process. He discussed the main constraints to e-learning in the Philippines and looked forward to technical cooperation to assist developing countries in adapting and contextualising open education resources.

SESSION 3:

“URBAN, PROPERTY, and INFRASTRUCTURE DEVELOPMENT: MEETING FUTURE CHALLENGES”

Rapid economic growth in China and the ASEAN region have generated a need to upgrade infrastructure – Roads, Railways, Ports, Airports, Hydro Electric Dams, Power Transmission and Telecommunications. The ASEAN Master Plan on Connectivity also provides a road map for infrastructure development in the 10 ASEAN countries. China has established a USD10 billion China-ASEAN Infrastructure Fund. How can Australian companies partner with Chinese and ASEAN companies to tap into the region's vast infrastructure demand? Rapid urbanization in China and ASEAN have capitalized the robust growth of cities. The rural-urban migration has brought in millions of new city residents. Urban design and good urban planning are imperative to make Asian cities into smart cities. Australia's successful city management can provide a useful role-model for Chinese and Asian cities. What are lessons to be learnt? What are the opportunities for collaborating?

Patrick Yeo, Senior Investment Manager of Lend Lease,

Patrick Yeo, Senior Investment Manager of Lend Lease, in his presentation first discussed the challenges of urbanisation. He pointed out that cities occupy just 2% of the world landmass but by the year of 2050 70% of the world population will live in cities. He then outlined the major projects of Lend

Lease across the globe concentrating on Barangaroo South in Sydney and Victoria Harbour in Melbourne. He explained that, using the sustainability model at Barangaroo South, the aim was to ensure that 20% of the construction work was to be given to apprentices or trainees, retailers and suppliers were to save energy and reduce waste, and retail and office space was to be affordable and to encourage new enterprises. He quoted Dick Dusseldorf who founded Lend Lease in 1973 and said that the time was not far off when companies would have to justify their worth to society, with greater emphasis being placed on environmental and societal impact than straight economics.

Councillor Ken Ong of City of Melbourne

Councillor Ken Ong of City of Melbourne, in his speech on “planning and revitalizing modern cities”, outlined Melbourne’s urban design strategy. He discussed the idea of partnerships for a sustainable future suggesting that the partners should be all levels of government, government development agencies, the community, developers and utility producers.

William Deague, Chief Executive Officer of Asian Pacific Group

William Deague, Chief Executive Officer of Asian Pacific Group, showed pictures and discussed the main features of many of their past projects including among several others the Cullen, the Olsen, and the Blackman in various parts of Melbourne. He also dealt with the Peninsula Centre at Frankston, the St Kilda Road Towers and other buildings which the Asian Pacific Group built. He finally discussed how the Asian Pacific Group has developed into supplying many different services.

SESSION 4:

“THE GLOBAL CHINESE DIASPORA – CREATING WEALTH, CONTRIBUTING to NATIONAL DEVELOPMENT”

**Professor Kriengsak Chareonwongsak, Member of Parliament,
Democrat Party, Thailand**

In this session, Professor Kriengsak Chareonwongsak, Member of Parliament, Democrat Party, Thailand, drew attention to the large Chinese overseas population. It was pointed out that 67% of the foreign direct investment (FDI) in China was from overseas Chinese. The success of Chinese diaspora in business can be seen in that eight (8) of the ten (10) richest people in Thailand, Indonesia, Malaysia and Singapore are ethnic Chinese. In Malaysia, the ethnic Chinese account for 26% of the total population but hold 39% of the share capital of listed companies. In Indonesia, the ethnic Chinese are 3% of the total population but control 70% of Indonesian private economy. In the Philippines, the ethnic Chinese are 1% of the total population but control 60% of the Philippine’s private economy. Other figures that suggest the importance of Chinese in the South East Asian world are: 78% of the presidents of universities, 62% of PhD supervisors, 84% of academicians at the Academy of Sciences, and 75% academicians at the Academy of Engineering. Even in the United States, 22.5% of the total number of overseas students who achieved a doctorate degree in science and technology are overseas Chinese. Professor Chareonwongsak discussed in details the various factors that affect the roles of Chinese diaspora. He suggested that there should be specific forums for each groups of the Chinese diaspora. He also suggested that the Chinese business schools should be based on the Chinese style and that Chinese studies should be promoted including the teaching and learning of Mandarin. He finally suggested the scholarships for exchanging Chinese students.

Mr Edmond Yeo JP, Former Councillor of London Borough of Ealing and Chairman of Chinese Information and Advice Centre, London

Mr Edmond Yeo JP, Former Councillor of London Borough of Ealing and Chairman of Chinese Information and Advice Centre, London, discussed the global Chinese diaspora. First of all, he defined what it is meant by the term "global Chinese diaspora". He used UK as an example of how the host country is enriched by the Chinese diaspora. For example, about 100,000 Chinese student visas are issued each year. He also discussed how the Chinese diaspora provide an important intermediary in trade and international politics. The Chinese diaspora serves a valuable asset in business enterprise and entrepreneurship. Chinese living overseas are anxious to engage in residential and employment status. They bring to the country to which they migrated, their talent and skills, and introduce a new language and supply diversity in culture and cuisine. The Chinese diaspora contribute socio-economic growth to their host country and also contribute to its social values and action.

..... **End of Report**