

A banner featuring several glowing red paper lanterns. In the background, large, faint Chinese characters are visible. The text "ASIA READY PUBLIC SERVICE" is overlaid in large, bold, white capital letters with a slight drop shadow.

# ASIA READY PUBLIC SERVICE



@ipaawa #asiaready



# *How The Public Service Can Enhance Economic Engagement with Asia*

**Duncan Calder**

President

Australia China Business Council WA



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Australia China Business Council  
澳大利亚中国工商业委员会

# How the Public Service can Enhance Economic Engagement with Asia

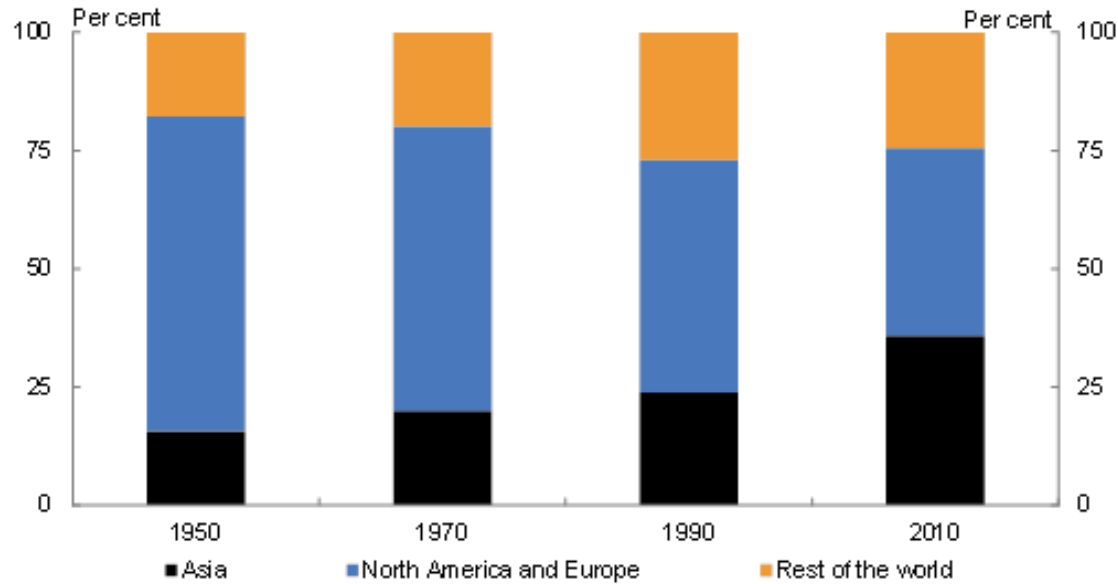
Duncan Calder

6 March 2013



- Diverse Asia
- The central role of government in Asia
- An overview of China
- What our public service needs to do

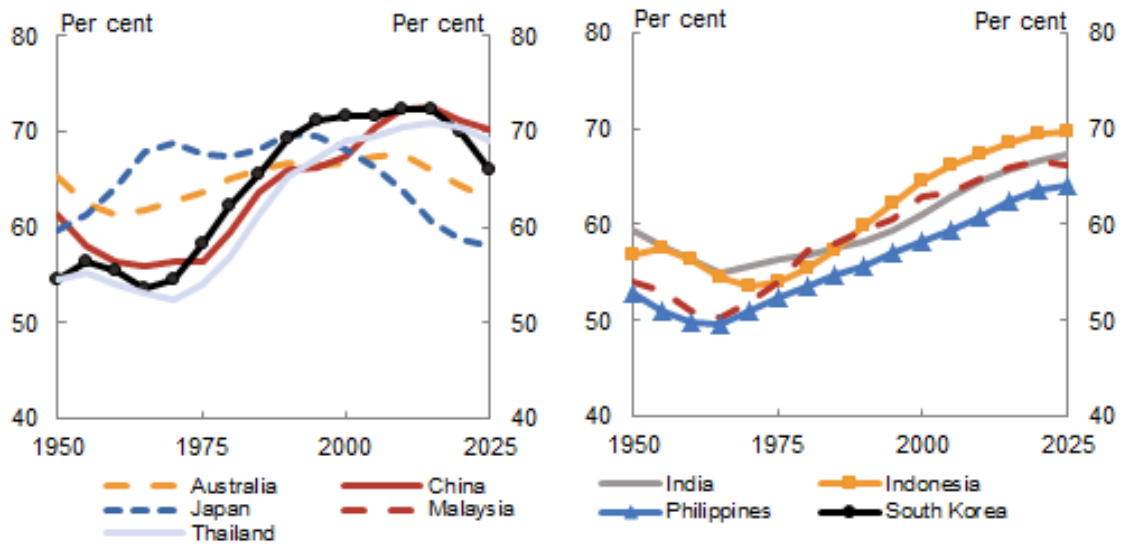
# Asia's rising share of world output



Source: Australia in the Asian Century White Paper

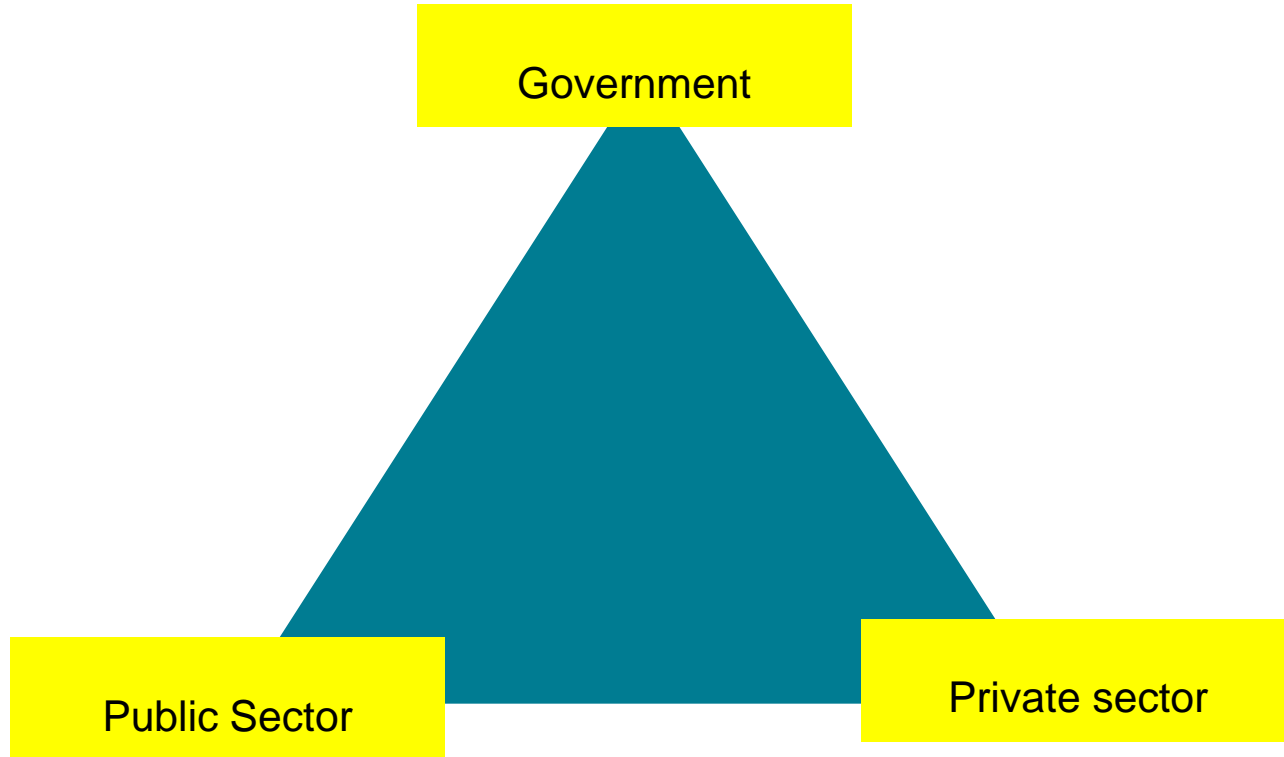
# Asia's demographic dividend

## Share of working age population



Source: UN

# A tripartite close nexus



***“On its economic fronts, China sticks to a multi-ownership oriented basic market economic system, with the public ownership in dominance”.***

As defined by the Government-run “People’s Daily”

# China's leadership change

KPMG  
cutting through complexity

毕马威全球中国业务  
KPMG Global China Practice

## China's once-in-a-decade leadership change

October 2012

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**China Confidential**

November marks an important transition of power and influence on both a national and global level. We aren't talking about the 2012 presidential election in the United States, but instead about the government transition that occurs once every 10 years, in China.

China will officially put its new leadership team in place during the "18th National Congress" of the Communist Party of China. The congress, held in Beijing, will begin on November 8 and last for roughly one week, at the end of which the new group of leaders will be announced to China – and the world.

This edition of "China Confidential" sets out to describe what is known about the leadership change process, China's likely new leaders, and the likely impact on China's business environment.

### The Communist Party of China (CPC) National Congress

The National Congress meeting is a meeting of the Communist Party of China that takes place once every 5 years. This event is not to be confused with the National People's Congress (or "NPC"), which is China's top lawmaking assembly that meets annually. The main functions of the CPC National Congress include:

- Electing the Central Committee – a 350 person body that appoints many of the most powerful people in China, such as the General Secretary and the members of the Politburo, Standing Committee, and Central Military Commission
- Assessing reports put forward by members of the Central Committee

- Discussing and deciding high-profile issues concerning the Party
- Revising the Constitution of the Party

The total number of delegates for recent congresses is over 2,000. The delegates are all Party members, drawn from the over 80 million Party members and come from a range of backgrounds including but not limited to business, technology, education, and the armed forces. The meeting is held in Beijing, in The Great Hall of the People.<sup>1</sup>

Within the Communist Party, the Central Committee's day-to-day power resides in the Standing Committee of the Politburo. Currently, this is a 9-person committee (more on this later) drawn from the 25-person Politburo.

The General Secretary of the Standing Committee is also the head (General Secretary) of the Party and the most powerful person in the Chinese political system. This person typically also holds the titles of President of the People's Republic of China (the Head of State) and the Chairman of the Central Military Commission (the Head of the Armed Forces).

The Premier of the State Council of the People's Republic of China is also drawn from the Standing Committee of the Politburo.

The positions of President and Premier are not "Party" positions. These governmental positions are conferred by the National People's Congress (NPC), The State Council, which is chaired by the Premier, oversees the various ministries, government agencies and provincial governments in China.

<sup>1</sup>[http://news.xinhuanet.com/politics/2012-09/14/6\\_112718687.htm](http://news.xinhuanet.com/politics/2012-09/14/6_112718687.htm)

### Xi Jinping career track

- 1969-1975: Shaanxi
- Party Branch Secretary of the Production Team
- 1975-1982: Beijing
- Studied Chemical Engineering at Tsinghua University
- Secretary for General Office of the State Council and General Office of the Central Military Commission
- 1982-1985: Hebei
- Deputy Secretary and eventual Secretary to the CPC Zhengding County Community
- 1985-2002: Fujian
- Vice Mayor, Member of Standing Committee of Municipal Committee
- Secretary of the CPC Ningde Prefectural Committee
- Secretary of Municipal Committee of Fuzhou CPC and Municipal People's Congress Standing Committee Director
- Vice-secretary of the CPC Fujian Provincial Committee and Director of Municipal People's Congress Standing Committee
- Governor of Fujian Province
- 2002-2007: Zhejiang
- Vice-Secretary of the CPC Zhejiang Provincial Committee, Acting Governor of Zhejiang Province
- 2007-2007: Shanghai
- Secretary of the Communist Party of China Shanghai Municipal Committee
- 2007-now: Beijing
- Member of Politburo Standing Committee, Secretariat of the CPC
- Vice president of PRC



Note: size of bubble denotes length of time spent in each location

### Li Keqiang career track

- 1976-1978: Anhui
- Secretary of CPC of Damiao Commune, Fengyang County, Anhui Province
- 1978-1998: Beijing
- Studied Law in Peking University
- Secretary of Youth Corps Committee of Peking University
- Alternate Secretary of the Communist Youth League
- Head of the Communist Youth League
- Vice President of China's National Youth Administration
- Head of the China Youth University of Political Sciences
- 1998-2004: Henan
- Secretary and Governor of Henan Province
- 2004-2007: Liaoning
- Party Secretary of Liaoning Province and Chairperson of Liaoning People's Congress
- 2007-now: Beijing
- Member of Politburo Standing Committee and First Vice Premier of the People's Republic of China



Note: size of bubble denotes length of time spent in each location

# China's change of leadership



**Hu Jintao**  
President of the People's Republic of China  
General Secretary of the Communist Party of China



**Wen Jiabao**  
Premier of the People's Republic of China



**Xi Jinping**  
Vice-President of the People's Republic of China



**Li Keqiang**  
First Vice-Premier of the People's Republic of China

# Deng Xiaoping's pragmatic policies



**Deng Xiaoping**

- The one child policy that kept population growth to a manageable level
- The household responsibility agriculture system that saw agricultural output double in 5 years
- Special Economic Zones (e.g. Shenzhen in Guangdong, Zhuhai in Fujian) that were a catalyst for remarkable growth
- The handover of Hong Kong by the British to China under Deng's "one country, two systems"
- Tax reform in 1994 – This saw Beijing's tax take increase from 22% to 52% in one year and provide the platform for Central Government to fund its plans
- Currency reform in 1994 –saw the merging of the domestic currency (renminbi) and its foreign exchange certificate system
- Deng pursued entry into the WTO (eventually secured in 2001, 4 years after his death)

# Serious challenges facing China

- Shortages internally of many important resources such as water, oil and iron ore
- Pollution
- Corruption
- Demographic challenges of an ageing population
- China still has relatively low GDP per capita levels compared to first world countries
- The widening gap in wealth between the wealthy (who usually live along the Eastern coastline) and the poorer inland population.

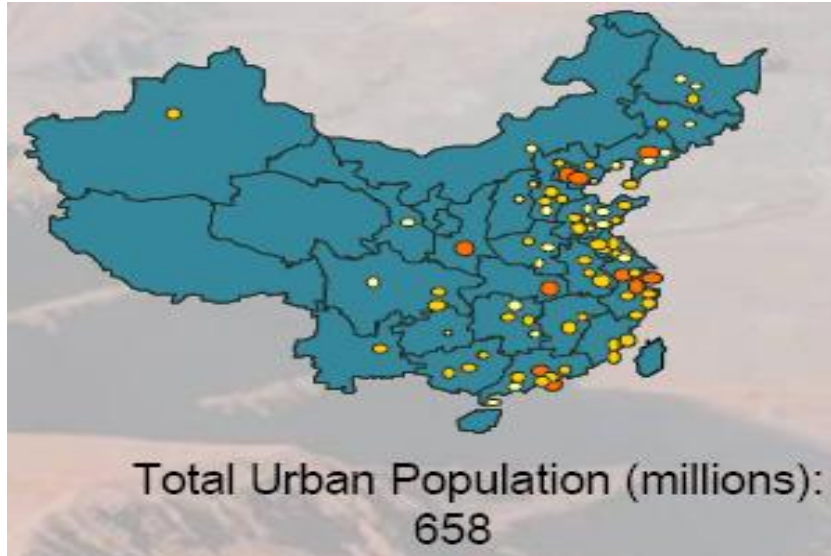
# China's economic growth, by five-year plan, 1991 – 2015

Five Year Plans					
	8th (1991-95)	9th (1996-2000)	10th (2001-5)	11th (2006-10)	12th (2011-5)
Target (%)	6.0	8.0	7.0	7.5	7.0*
Actual (%)	12.3	8.6	9.8	11.2	9.3+

\*(2011-15 forecast),  
+2011 GDP growth

# China's urbanisation – still long way to go

2010: 89 cities greater than 1 million people



2025: 221 cities greater than 1 million people



# Ambassador Chen's address to ACBC



**His Excellency Chen Yuming**

China's Ambassador to Australia

**“Chinese investors, whether they are state owned or private enterprises, are all business entities in pursuit of profit. They look across the world for investment targets that are low cost, high quality and with a good environment.**

**To put a political label on them is unfair. Chinese investors hope for a good investment environment in Australia. Investors always vote with their feet.**

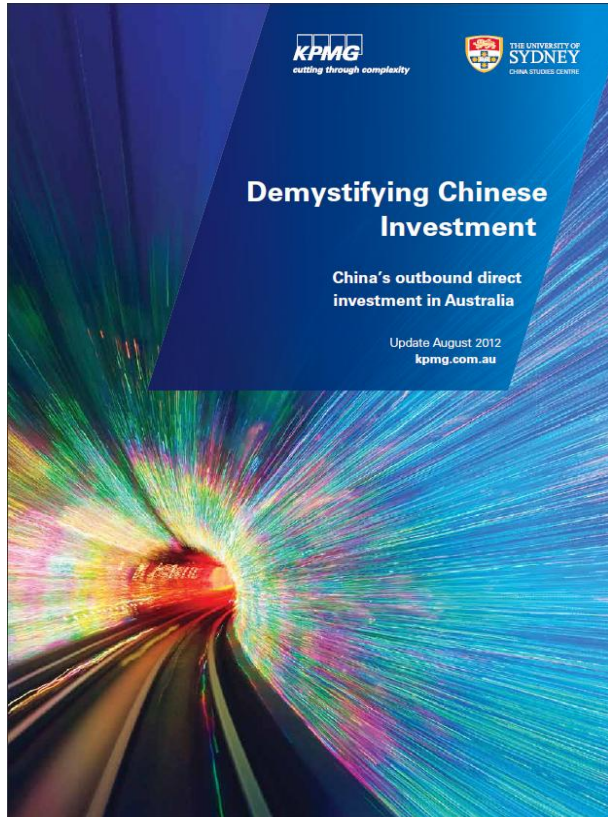
# Opportunities to broaden the relationship

- Financial services
- Education
- Research
- Low emissions and renewable energy
- Agriculture
- Health services
- Professional services
- Tourism infrastructure
- Infrastructure for resources development

# Factors discouraging Chinese investment

- High capital construction costs
- Long construction timeframes
- Slow approval processes
- Labour shortages
- New fiscal imposts (eg MRRT and carbon tax)
- The limited success of China's investments in Australia in recent years
- Concerns regarding Australian community sentiment

# SOEs dominate Chinese investment into Australia

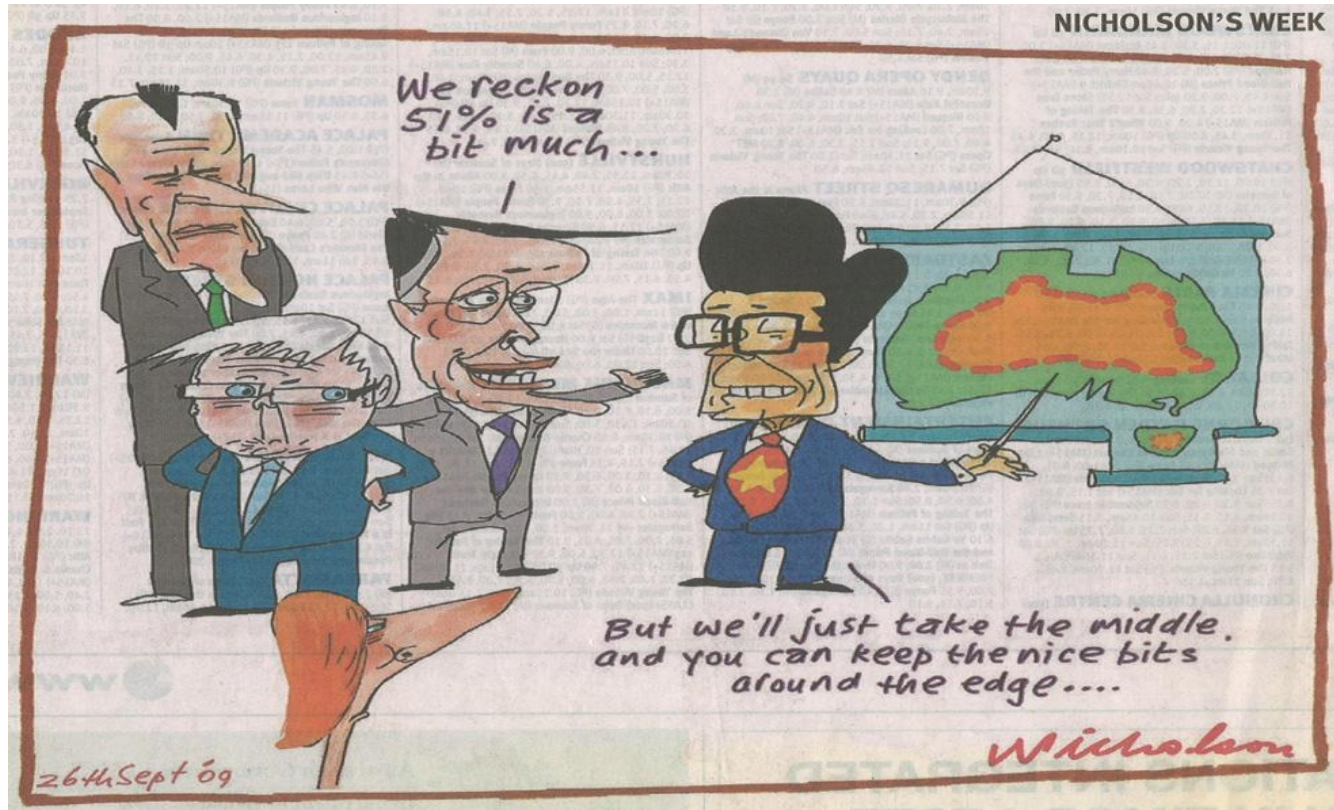


***“Based on transaction value, 95 per cent of Chinese investment into Australia in the last six years came through SOEs”***



**Doug Ferguson**  
National Head of KPMG Australia China Practice

# Media coverage of Chinese investment



***“Australians need a fundamental change to our national psyche to become more focussed on Asia than on the US, Britain and Europe.”***

Richard Woolcott, the former Director General of DFAT