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Membership Issue



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## Will Australia join China's New Silk Road initiative?

A new body established in Melbourne last year by Chinese and Australian trade and business representatives—the Australia China OBOR Initiative—is promoting the mutual benefit of Australian participation in China's One Belt, One Road project. The group is advised by prominent Chinese and Australian businessmen and economists, including Orica chairman and BHP Billiton director Malcolm Broomhead, who told *The Australian* on 27 May that Chinese President Xi Jinping had invited Australia to participate in OBOR during his visit here in November 2014. "We are part of their strategic thinking", Broomhead said, and described plans to develop northern Australia's infrastructure and agriculture. Participation in OBOR—characterised by the paper as a "strategy, recreating the ancient Silk Road, [which] aims to drive massive new infrastructure projects to connect China with Europe via Central Asia by land and via Southeast Asia by sea"—will allow us to access "special investment and funding" provided by the New Silk Road Fund, the Asian Infrastructure Investment Bank (AIIB) and the China Development Bank. Mr Broomhead said that over 900 projects had been identified already.

The sudden positive attention to China's win-win strategy to uplift the world economy may be the beginning, here, of a shift currently unfolding across other parts of the world: nations are recognising their grim economic reality, and with it the necessity for a grand economic reconstruction vision epitomised by OBOR.

While US President Obama and his allies tried to goad the 26-27 May G7 summit into an attack against China over the South China Sea dispute, Japanese Prime Minister Shinzo Abe, the summit host, warned world leaders of a new financial crisis on the scale of the "Lehman shock" in 2008. Abe's attempts to recognise such a risk in the summit's communiqué failed, but the Japanese leader is expected to announce a fiscal stimulus package of US\$90.7 billion to include the acceleration of a maglev rail project to connect Tokyo with Nagoya, and eventually Osaka. The initiative follows the successful summit between Abe and Russian President Vladimir Putin on 6 May, to develop Russia's Far East.

The Chinese government has also announced plans to invest US\$750 billion over three years into over 300 rail and road projects to link their most impoverished and



Japanese Prime Minister Shinzo Abe pulled the elephant out from under the carpet at last week's G7 meeting in Ise-Shima, Japan: we are in for a new GFC. Photo: AFP/Japanese Foreign Affairs Ministry handout/Anadolu Agency

isolated areas to regional agro-industrial hubs, with the aim of lifting every citizen above the poverty level by 2020!

These announcements by the world's second- and third-largest economies underscore the larger drive towards Eurasian integration, highlighted by the 19-20 May Russia-ASEAN summit and its multitude of agreements (AAS 25 May); Indian Prime Minister Narendra Modi's recent visit to Iran; the Iran-India-Afghanistan agreement to develop Iran's Chabahar Port; Indian President Pranab Mukherjee's visit to China; upcoming delegations from China and Iran to Russia for scientific-technological collaboration; and the June Shanghai Cooperation Organisation meeting, which will grant full membership status to Pakistan and India, and likely invite Iran to full membership.

In Europe, Greek Prime Minister Alexis Tsipras, after a visit by President Putin, is touting the wealth of possibilities for collaboration with Russia, and Italian Prime Minister Matteo Renzi will attend the St Petersburg International Economic Forum, meeting with Putin just days before the EU decision on renewing anti-Russian sanctions is due. At the G7, both French President François Hollande and host Abe spoke out about the need to rebuild relations with Russia; in Germany, Foreign Minister Frank-Walter Steinmeier has praised "the great economic dynamic" of the New Silk Road project, and suggested relaxing the sanctions. Hungary and Italy have voiced opposition to extending sanctions, which requires the unanimous consent of all 28 EU members.

With the Anglo-American war drums beating loudly in the lead-up to NATO's annual summit in early July, consolidating the economic shift described above is truly the only way to prevent World War III. Australia has a choice: continue as a toady for Anglo-American war provocations, or seriously embrace cooperative economic development with China and our region.

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