



AUSTRALIA DAY

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AUSTRALIA IN ASIA

By Gary Gray

EARLY in 1994 Australian engineers successfully completed the 1170-metre long "friendship bridge" across the Mekong River linking Thailand and Laos. The A\$ 42 million bridge was built under the Australian development cooperation program as a gift to the people of Thailand and Laos to boost commerce and prosperity in the region.

Experts from Australia's National Film and Sound Archive have been helping to Clean and preserve the entire 3000 glass photographic plates in the National Museum of Cambodia. The slides hold precious images of Cambodia's past, a vital record for a country that has experienced the trauma of having much of its history erased.

Scientists from Thailand and Australia are jointly developing new ways of keeping tropical fruit fresh for long periods after harvesting, and investigating ways of controlling diseases such as fruit fly.

These are diverse activities, but they highlight a common theme—the growth in links between Australia and Asia.

In the past few years the Australian Government has made integration with the Asia Pacific region a cornerstone of its foreign and trade policies, highlighted by the launch in 1993 of a A \$ 60 Million package of new measures to increase the Australian economy's engagement with Asia.

However, such links are not new. Australia's ties with Asia have been building for a long time, according to the Australian Prime Minister, Mr Paul Keating.

"Not that Asia has dawned on us all of a sudden" said Mr Keating in a recent speech.

"It is often forgotten that Australia's relations with the region go back to the very beginning of post-colonial Asia from our support for Indonesia's independence movement through our participation in the defence of Malaysia during confrontation to our involvement in the Colombo Plan."

It is a theme reinforced by the Australian Minister of Foreign Affairs, Senator Gareth Evans.

"The New emerging Asia Pacific Community is one in which we in Australia feel we very comfortably fit," says Senator Evans.

"We have always been, at least since the Second World War, reasonably comfortable with the Pacific part of the equation; the difference now is that we are totally at ease with the Asia part as well. This is reflected demographically, in our education system (especially with language teaching), in our dining habits, in our arts festivals, in the extraordinary volume of visitors moving both to and from Asia, and above all in the extent of serripus media reporting about all aspects of Asia."

"We have long since ceased, as making up the EU were taking 51.3 per cent of Australian exports, in 1992-93 this had dropped to just 12 per cent."

Asia, in particular, is taking more sophisticated Australian exports: elaborately transformed manufactured (ETM) exports to Asia have grown at a rate of 23 per cent per annum over the past decade. In absolute terms, they are now over six times as large as they were in 1983-84.

And with East Asia, Australian trade is booming. Total trade with East Asia increased by more than 14 per cent in 1993 and, although Australia's exports to East Asia have focused on the resources and agricultural sectors, there has been a definite shift toward the export of manufactures, particularly ETMs. ETM exports to the region grew by 19 per cent in 1993-94 and now account for 15 per cent of total exports.

Future is in the region

The dominating factor in this dramatic shift in the direction of trade towards East Asia is the growing realisation among Australians that their future lies in the region. There has also been a corresponding realisation among Asian nations that Australia, which the fourth largest gross domestic product in the region, represents a reliable supplier of a range of goods and services that can fuel their own economies.

a nation, to feel threatened or intimidated by Asia; rather this is now the part of the world in which we feel very much at home. We see the countries to our north not as a source of threat, but of stimulation and Opportunity. We no longer see ourselves as a transplanted European nation, imprisoned by our geography, but as a confident, comfortable, fully participating member of a region to which we genuinely belong.

While using the term "Asia" for ease of description, most Australian commentators realise that the term can be misleading and that its use should not obscure the great cultural, social and other differences within the region. The recognition of diversity within Asia underlines Substantial advances in the process of cultural understanding on the part of Australians.

Heightened cultural sensitivity can be traced to many changes within Australia, the approach to language training being a good example. In 1982, 15 per cent of Australian Year 12 students learning languages other than English were learning Asian languages. Today that figure has nearly doubled.

Early in 1994 the Council of Australian Governments endorsed a 15-year plan that will see four Asian languages Japanese, Chinese (Mandarin), Indonesian and Korean taught in Australian primary schools from 1996.

The Council endorsed a report by the National Asian Languages and Cultures Working Group that students aged between about eight and 17 be required to study an Asian or European second language.

While stressing the continued importance of European languages, which, it said, represented an integral element of Australian multiculturalism, the report said it was important to significantly expand the study of the languages of Australia's principal economic partners in East Asia.

While working towards greater cultural sensitivity within Australia, Australians are also trying to increase regional understanding of Australia. Australia Television is now projecting images of Australia to 17 countries and territories in the region and fostering and image of Australia that goes way beyond the old stereotypes.

Tourism is also contributing to the break down of stereotypes. During the 1993-94 Australian financial year, 3.2 million people visited Australia, an overall increase of 13.8 per cent on the previous year, with the Asian market continuing to be the strongest growth area. In the 12 months between June 1993 and June 1994, the number of visitors from Asia increased by 16.6 per

cent. Japanese tourists made up 23 per cent of all visitors during the year, but big increases in visitor numbers came from Taiwan (up 76 per cent), Korea (up 65 per cent), Indonesia (up 48 per cent) and Singapore (up 24 per cent).

The Tourism Forecasting Council recently predicted that the number of tourists visiting Australia will double in the next five years, reaching 6.3 million by 2000. Asian countries are expected to provide 60 per cent of Australian visitors by 2003.

And Australia's growing links with the region are mirrored in the changing composition of its society.

According to the Australian Bureau of Immigration and Population Research, Asians have been the fastest growing overseas born population group in Australia in the past decade. The number of people in Australia who were born in Asia more than doubled between the censuses of 1981 and 1991, from 254,436 to 672,049. This compares with an increase of 25 per cent for the overall overseas-born population and 16 per cent for the total Australian population.

Half of the professionals, managers and administrators settling permanently in Australia in 1992-93 came from Asia. This compares with a figure of 21 per cent from Asia in 1982-83.

Trade drives the engine

But perhaps the strongest engine driving the growing links between Australia and Asia is trade.

Ten years ago, the economies of North East Asia and South East Asia between them took less than half of Australia's total merchandise exports, whereas today they take about 60 per cent. These economies now account for nine of Australia's top 12 export markets. Last year, despite the still subdued economic activity in Japan, North East Asia took 44 per cent of Australian exports.

In recent years South East Asia has been Australia's fastest growing market, turning in a trend growth rate of 21 per cent from 1988 to 1993 and also overtaking, in the process, the European Union as the country's second largest regional market a big change from the late 1970s when the EU share of Australian exports was twice that of South East Asia.

Australia has relied heavily on trade diplomacy to bring it closer to its region. Such efforts in 1989 resulted in the initiation of the Asia Pacific Economic Cooperation (APEC) process.

The idea came from a speech by former Australian Prime Minister Bob Hawke in Seoul in January 1989, and the inaugural meeting of foreign and trade ministers was held in Canberra in November that year. The process

led recently to the meeting in Bogor, Indonesia, of regional leaders.

The meeting committed the economies of the region to achieve free and open trade and investment no later than the year 2020.

The 18 leaders, in the words of their "Declaration of Common Resolve" issued in Bogor, set a "Vision for the community of Asia Pacific economies based on a recognition of the growing interdependence of our economically diverse region".

Australian Prime Minister Paul Keating strongly endorses the APEC process. "The process of liberalisation and economic integration that the Bogor declaration will encourage is an important insurance of security and stability as we cope with these shifts," he said after the Bogor meeting.

Through their informal meetings the region's leaders can help ensure that the process of economic integration stays on track.

But overall, in its relations with Asia, Australia is looking beyond economic integration to growing links across the board.

Foreign Affairs Minister Senator Evans has argued on a number of occasions that the Asia Pacific region is moving towards a sense of "Community", not in the capital-C type of community that used to be applied to the European Community before it styled itself, post-Maastricht, as a Union, but in the sense that the countries of the region are now undergoing "convergence".

The Minister does not deny that there are different value systems giving different weights and flavours, and speeds, to the kinds of market-economy democracies existing or emerging in the region. But more and more, in the current political, economic and technological environment, countries with hitherto very different backgrounds are seeing issues more the same way, doing things more the same way and developing institutions and processes that are ever more alike.

"Right around this geographical region (embracing the countries of East Asia, Oceania, North America and to some extent Pacific Latin America as well) I sense a growing perception, at least among decision-making elites, that the identity which matters as much, if not more, than any other when we are considering our place in the world is our identity as members in common of an Asia Pacific community, with shared interests and aspirations and a commitment of achieving them through cooperative machinery," concludes Senator Evans.

Gary Gray is a public officer with the International Public Affairs Branch of the Australian Department of Foreign Affairs and Trade.

MESSAGE



Australia in 1994 experienced its best economic year since World War Two and this trend should continue.

Australia achieved 6.4 per cent economic growth in the year to September, and a 1.4 per cent inflation rate for consumption goods.

Australia has created 430,000 jobs since April 1993, and in the past twelve months has created jobs at the rate of 700 a day. Unemployment fell by two per cent compared with 1993.

A real change has been taking place in Australia's business culture. There is a growing interest among Australian companies in "going off-shore". Already, around one in eight Australian manufacturers is involved in exporting. These exporters are showing the rest of Australian business that, irrespective of size, manufacturing exporters outperform their non-exporting counterparts.

Born out of an Australian idea laid out in the table in Seoul in 1989, the Asia Pacific Economic Cooperation (APEC), a process was started that led to the commitment by regional leaders in Bogor, Indonesia, that the industrial economies of the region will achieve free and open trade and investment no later than the year 2020. This agreement will change fundamentally the way the countries of the Asia Pacific Region work together and the climate for business in the region. While APEC provides a tremendous framework for growth in the region, the trade and commerce it facilitated will take place bilaterally. In other words, Australian Government and business will not ignore our bilateral links with individual countries.

While Australia's policy focus has been on the Asia Pacific and APEC, this does not mean that other markets and other international relationships will be ignored. Now that we have begun to dismantle the ring fence of protectionism behind which Australia had slumbered for so long, there will be moves towards the South Asia region. Economic statistics already show a dramatic increase in trade between Australia and the South Asian Region. Bangladesh is in a position to profit from these developments.

In addition to the fundamental change in the way Australia looks at the world in trade matters, there is a realisation of the emergence of a rich, diverse culture in Australia which we are not afraid to show off. We are now, more than ever before, promoting our arts and artists throughout the world. We have found that there is an Australian culture, and it is worth while. One Australian in five was born overseas, and 40 per cent of the population has at least one parent who was not born in Australia. Australians are proud about our cultural achievements and we are promoting them to the world: the aboriginal civilisation, ballet, music, painting, films are all showing the Australian talent, and the distinct Australian culture. In October 1994, the Prime Minister launched

Creative Nation", a statement of new cultural directions for Australia for which the Government has committed \$ A 212 million in new funding for the arts and cultural activities.

At the same time, Australia has become an important player on the world stage in forums such as the United Nations, where we are both winning a future for ourselves in the world, and seeking to be a good international citizen. Since the end of World War II, Australia has contributed to 20 of the UN's 33 peacekeeping operations, Australia provided the first military personnel to Indonesia to serve as peacekeepers in 1947. Australia's commitment to the UN is also reflected in its engagement in multilateral treaty regimes. These cover an enormous range of subjects.

For example, Australia is one of 53 founding members of the Commission on Sustainable Development, established following the UN Conference on Environment and Development (UNCED) in June 1992, and an active participant in the UN Environment Program (UNEP). The Australian Government is moving firmly to improve its own performance in the environment area. At the National Strategies Conference held in 1994 the Prime Minister said that Australia's economic success and quality of life depends on sustainable use of the environment. The need is to balance economic imperatives with human imperatives. Australia is addressing the issue of emission of greenhouse gases, management of coasts, treatment of sewerage, management of forests, and control of feral pests and woody weeds. We have established a national strategy for ecologically sustainable development, and we are involving all levels of society in decisions about development.

In the area of human rights Australia believes there is an important role for the UN in focusing world opinion on human rights abuses, in setting international standards on human rights and, increasingly, in developing measures to prevent human rights abuses. Eminent Australians have prominent roles in the UN system's efforts to improve the world's attitudes and performance in human rights.

In this 50th Year anniversary of the United Nations, Australia has a vision for the UN organisation as an active and effective agent for the peaceful settlement of disputes, one which strengthens international law, controls and reverses arms races and promotes confidence and dialogue.

Relations between Australia and Bangladesh have continued to develop well during the past year. Trade between our two nations is growing, although slowly. There is greater interest by Australian business people in opportunities that are becoming available in the Bangladesh marketplace. The minerals arm of Australia's biggest company, the Broken Hill Proprietary Company Limited, signed a contract in 1994 with the Bangladesh Government to explore and mine surface coal in Rangpur district, reported to be worth US\$ 400 million. An Australian Buyers Mission, representing seven Australian companies, recently visited Bangladesh to explore opportunities for building their business with this country. The Bangladesh Government and its people can count on Australia to help in the development of this country for the future.

The Australian High Commission joins with our many friends in Bangladesh in celebrating Australia Day 1995.

KENNETH W. ASPINALL
AUSTRALIAN HIGH
COMMISSIONER IN
BANGLADESH



Prime Minister Paul Keating

AUSTRALIA'S FORMULA FOR TRADE SUCCESS

By Ian Watt

AUSTRALIA is often considered the lucky country. Rich in natural resources, it has always relied heavily on its exports of primary products. But this reliance has provided an uncertain future. Australia has been thrown into a boom-bust economic cycle driven by the world economy and commodity price volatility.

To overcome this, Australia is taking a two-pronged strategy. Firstly, it has worked hard to engage the dynamic, booming economies of its Asia-Pacific neighbours in free and open trade and investment. And secondly, Australia is moving more and more toward a sophisticated trading future aimed at adding value to its exports, and therefore is becoming less dependent on world commodity prices.

The strategy has been underpinned by micro-economic reforms in the Australian economy. Since 1983, when the Government liberalised financial regulations, Australia has dismantled a range of tariff barriers, abolished import quotas and privatised many government organisations. Key sectors such as industrial relations, transportation, communications and energy all underwent sweeping changes. Australian exporters have also become about 30 per cent more competitive over the past decade, with more than one in eight of all Australian manufacturers exporting and one in two of Australia's large manufacturers selling to overseas markets.

It has proved a successful formula. Australia has emerged from the world recession of the early 1990s in a stronger position than most other developed countries. Domestic economic growth has accelerated rapidly in 1994 and inroads have now been made into the unemployment rate without deterioration in the rate of inflation.

Australia's economic engagement of Asia has been a major contributor to its strong growth and one of the main avenues it has used to promote regional trade has been through the Asia Pacific Economic Cooperation (APEC) process, which Australia initiated in 1989. The role of APEC was to allow officials, ministers and leaders of the region to discuss ways to foster a more cooperative trade environment by breaking down tariffs and other barriers to trade.

The 18 dynamic APEC nations, already Australia's most important trading group, are becoming more important each year. In the 1993-94 financial year Australia's trade with APEC nations grew by 15 per cent and now accounts for 72 per cent of the total. And the importance of APEC to Australia is set to strengthen with APEC's renewed commitment to regional cooperation.

It makes good sense for Australia to link into the vibrant economies of the Asia-Pacific region: it is the fastest growing region in the world, and APEC

economies represent half the world's production and nearly half its trade. And they are growing fast: by 2020 it is estimated that seven of the world's ten largest economies will be in APEC, and as the region becomes more wealthy, there will be enormous economic opportunities.

APEC's share of world exports, already 46 per cent, is expected to rise to more than 55 per cent by the year 2000. APEC trade within the region is growing at 1 per cent annually and is expected to reach 76 per cent by 2000.

The Australian Prime Minister, Mr Paul Keating, sees "APEC as the best tool to achieve regional prosperity and guarantee Australia's economic future." APEC has always seemed to me the right idea for Australia, the right idea for the region and the right idea for the world at large," he said.

The greatest breakthrough in dismantling trade barriers was made at the 1994 APEC leaders' meeting at Bogor, Indonesia. As Mr Keating said, "I have been convinced of the need to lift the APEC debate to a higher level. If we are to maintain the region's remarkable growth rates we need to take the task of bringing down tariffs and non-tariff barriers for goods and services," he said.

The Bogor meeting achieved just that, with APEC leaders establishing a timetable to bring down barriers to trade. "The economies of the region have committed themselves to achieve free and open trade and investment no later than 2020," Mr Keating said after the meeting. "The commitment is to free trade in goods and services; the path is removal of tariffs and non-tariff barriers."

Under the agreement, advanced economies have committed themselves to bring down barriers to trade by 2010. Australia, which has already broken down many trade barriers, can only reap the benefits from further liberalisation.

The benefits for Australia will be huge. And our economy and businesses are increasingly set up to reap the benefits," said Mr Keating. And Australia's growing trade links with APEC will make Australia more attractive to investors from the rest of the world.

At the 1995 APEC leaders' meeting in Osaka, Japan, the leaders will work on a comprehensive action plan for the free trade goal.

While APEC is Australia's most important trading region, Asia particularly, is becoming increasingly critical exports to Asia grew by almost 7 per cent in 1993-94 after growing at a trend rate of 12 per cent a year over the last decade. Their share has increased from less than 55 per cent to more than 63 per cent of Australia's exports during this period. The European Union, on the other hand, is declining as an export market: in 1957 the countries



The growth in regional trade is being supported by investment links. The United States and Japan remain the largest investors in the region, but more and other East Asian economies, including Korea, Taiwan, Hong Kong and Singapore, are investing in the lesser developed Asian economies.

APEC has always been tied into the breakthroughs made during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), and Mr Keating has referred to APEC as the "GATT Plus" grouping.

"We estimate that the Uruguay Round outcome will increase annual real income in APEC economies by \$412 billion," he said. "We will do even better from APEC free trade, over three times the Uruguay Round result."

NTIOC's goals are to showcase Australian export capabilities; to encourage Australian business to look for business overseas; to allow a networking environment for international business people; and to demonstrate the attractiveness of Australia as a regional headquarters site.

The second prong of Australia's Changing trade pattern is a move towards manufacturing more sophisticated, value-added products for export. While Australian exports are still made up mainly of raw materials, manufactured exports are becoming increasingly important for Australia. They grew by 13 per cent to reach a new high of more

than \$ A 21 billion in 1993-94.

ETMs are the fastest growing export sector and have more than doubled since 1989-90. In the last 10 years their share of total exports has increased from less than 11 per cent to more than 21 per cent. ETMs are value-added products such as engineering products (transport equipment, computers and engines), chemicals and semi-manufactures (Medicaments, paints, rubber and wood; and highly processed mineral products (glass, aluminium and steel).

While Australia is exporting more sophisticated manufactures, primary products still dominate exports, and nine out of Australia's ten major commodity exports in 1993-94 were either rural-or resource-based commodities. Coal, for instance, remains Australia's largest merchandise export and accounted for \$ A 7.2 billion-or 11 per cent of total exports.

Australia's two-pronged strategy is working. Australian business is becoming more innovative as it strives to keep up with an increasingly sophisticated world market. By linking into the Asia-Pacific market with increasing exports of sophisticated manufactures, Australia is doing business with one of the most dynamic markets in the world.

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