

KOREA UNMASKED

For many Australians, South Korea is the place where their Hyundai cars, their LG televisions or their Samsung computers are made. Australian Ambassador to the Republic of Korea, Colin Heseltine, reveals there is a whole lot more to Australia's relations with South Korea.

In 1904, an Australian photographer named George Rose captured scenes of Korean children at play and merchants on the streets of Seoul. His photographs are among the few remaining that document Korean life during the early 1900s, and provide an early tangible link between our two countries. A century later, these links are flourishing.

Looking back only at the events of recent weeks, there have been a number of high-profile developments in the bilateral relationship. The Minister for Trade, Mark Vaile, handed the keys of the first Holden Statesman imported by GM Daewoo to the Australian Embassy.

The Minister for Information Technology, Communications and the Arts, Helen Coonan, led a delegation to the Broadband Summit between Australia, New Zealand and the Republic of Korea. The export of Australian cars to Korea and high-level cooperation in IT—two sectors of strength in both economies—exemplify the potential for the trade and economic relationship to move beyond traditional areas.

The bilateral relationship today is based on a firm foundation of common strategic goals and complementary economies, while government, business and private links continue to expand. There is a multitude of success stories emerging

Andong Mask Festival, South Korea. Photo: Craig J Brown, photolibary.com

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from collaboration between the two countries. Australian teachers in Daegu are inspiring their Korean students to make public speaking into an art form. Korean-Australian Sejong Park's animated film 'Birthday Boy' was nominated for an Oscar. In the first half of 2005 alone, we have seen Australian singers, dancers, new video artists, an illustrator of children's books and actors on stage in Seoul.

As well, Australia and Korea are about to commence a new exchange for young political leaders, which will further foster connections between individuals and the political parties in our two nations. These person to person links deepen and reinforce our countries' more formal cooperation on political and economic issues, and show that Australians and Koreans are overcoming their lack of knowledge about the other.

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North East Asia—and in particular the Korean Peninsula—is at the very centre of Australia's foreign and trade policy focus. Indeed, in this region several of our most vital international interests intersect: major trade and investment relationships, which directly impact on Australia's livelihood and prosperity; the prevention of the spread of weapons of mass destruction; and the maintenance of regional and global peace and stability.

Strategically, Australia and South Korea are linked through our alliances with the United States and a common desire to ensure peace and prosperity in the Asia-Pacific region. We share a number of key security interests, supporting a nuclear-free Korean Peninsula and valuing the continued commitment of the United States to stability and prosperity in the region.

Australia strongly supports South Korean efforts to secure stability on the peninsula, including through the six party talks. Our two nations are strongly committed to regional and global initiatives in the war on terrorism. We have both sent troops to Iraq to assist with its reconstruction, understanding the importance of supporting stability and prosperity in Iraq and across the Middle East.

The Republic of Korea is a valuable partner and ally for Australia in multilateral organisations. The two countries share similar perspectives on many international and regional affairs



Prime Minister John Howard visiting the POSCO steelworks in South Korea. Photo: Michael Jones, Newspix

and generally support each other in multilateral settings. As the South Korean government broadens the focus of its foreign relations beyond its immediate region, we expect engagement with Australia to intensify.

As founding members of Asia-Pacific Economic Cooperation (APEC) we are both committed to pursuing trade and investment liberalisation. While attending the Ministerial Joint Trade and Economic Commission (MJTEC) meeting in Seoul this year, Trade Minister Mark Vaile and his Korean counterpart agreed to use APEC meetings later in the year as a vehicle to urge other trade ministers to work towards a good outcome in the WTO Doha round. We agree on many services and goods issues. However, on the sensitive issue of agriculture, the South Korean government is resistant to lifting its hefty tariffs on agricultural staples such as rice and beef.

Australia has already learned much from the Republic of Korea's hosting of the 2005 APEC meetings as it prepares to bring APEC to Australia in 2007. The APEC year has also provided the opportunity for a great amount of high-level consultation between our ministers, both on APEC and portfolio-related issues. Five Australian ministers have participated in bilateral or multilateral meetings in South Korea so far this year. This trend will continue with five more ministers due to visit in the second half of 2005, including Prime Minister Howard for the APEC leaders meeting in Busan in November. Australia would welcome more high-level visits from South Korea. The Republic of Korea's Minister for

Foreign Affairs, Ban Ki-moon, made the first bilateral foreign ministerial visit to Australia in 17 years in 2004.

Australia and South Korea share a trade relationship that is one of the most complementary in the world. We compete in very few areas. Bilateral trade in 2004 was worth over AUD\$15 billion, making the Republic of Korea Australia's sixth largest trading partner across all sectors. South Korea was also Australia's fifth largest export market. For decades, there has been a natural fit between Australia's raw materials and Korea's use of those materials in its export industries. POSCO, South Korea's leading steel producer, is for instance Australia's single largest corporate customer in the world.

Australia provides raw materials, energy, foodstuffs and services to South Korea. Our top five export items in 2004 were coal, crude petroleum, iron ore, non-monetary gold and aluminium. Wheat, beef and sugar are the main agricultural exports. The Republic of Korea is one of the main markets for Australian energy and mineral exports, and there is huge potential for further growth, particularly in the supply of liquefied natural gas (LNG).

Australia imports finished products (such as cars, telecommunications equipment and computers) from South Korea. For its part, advanced Korean telecommunications equipment, computers and motor vehicles continue to make inroads in the Australian market. Hyundai/Kia alone has 6.9 per cent of the total Australian auto market, making it the fourth largest player. Samsung and LG electronics products enjoy strong



Animators Sejong Park and Andrew Gregory who were nominated for an Oscar for their animated short film 'Birthday Boy'. Photo: Dean Lewins, AAP Image

brand images and are found in most Australian homes.

Increasingly too, our collaboration in new industries is proving fruitful. Participating in the Broadband Summit between Australia, New Zealand and the Republic of Korea, IT and Communications Minister Helen Coonan explored the potential for collaboration between Australian and South Korean industry and academia in the area of information and communications technologies. This is an area of growth, particularly in harnessing the synergy between Australian expertise in research and development and Korean expertise in commercialisation and mass production.

Our complementary trade is increasingly moving to encompass investment as well. Examples include Korea Zinc's US\$500 million investment in an Australian smelting operation, POSCO's investment with BHP Billiton to develop iron ore resources, and sugar and forestry investments by CJ and Hansol. Australian companies such as Macquarie Bank have a growing presence in Korea's financial services sector. Macquarie is playing a major role in facilitating the private provision of Korea's infrastructure requirements through their KRW 1.3 trillion infrastructure fund.

The people to people aspect of the bilateral relationship is growing in importance too. Education, culture, tourism and media exchanges have expanded markedly over the past decade, underpinned by strong support from the two governments. For example, in 2004 South Korea was Australia's second largest source of overseas students,

Australian companies are likely to have much to offer in expanding Korea's leisure services sector.

behind only China, with over 23,000 Korean students enrolled in Australian institutions. Thus the Republic of Korea alumni—people with first-hand knowledge of, and affection for, Australia—are becoming an influential force.

South Koreans are also choosing to spend their holidays in Australia in ever-increasing numbers—more than 211,000 in 2004. The Minister for Small Business and Tourism, Fran Bailey, visited Korea in July to lend high-level support for the development of the lucrative inbound tourist market from Korea to Australia.

The Republic of Korea is a new and still evolving democracy, and as such is embracing the need for corporate and governance reforms. This is an area in which Australia's experience in establishing transparent institutions and supervisory bodies can be valuable. Likewise, Australia's experience in areas such as welfare management, childcare systems and strategies to cope with an ageing society are increasingly being recognised in South Korea. As we move through the 21st century, both countries will face the challenge of a changing society. New types of knowledge will form the basis for cooperation and problem-solving.

As Korea embraces a five-day working week, Australian companies are likely to have much to offer in expanding Korea's

leisure services sector. The highly successful Busan Aquarium is owned and managed by an Australian company, while an Australian yacht manufacturer is seeking capital to establish Korea's first yacht club in Mokpo.

As people to people links proliferate, the need for the two governments to work together to ensure our citizens' welfare also increases. There are now 70,000 Korean-Australians, and around 3,000 Australians—business people, students, English teachers and artists—living in South Korea. Australia and South Korea are currently working on a long-overdue social security agreement to ensure our citizens are not disadvantaged in terms of superannuation or pensions by pursuing their careers in the other country.

Quite clearly, the bilateral relationship is developing apace. We are finding an ever increasing similarity of views on important regional and global issues, and learning to deal with our differences in mature ways. The dynamic exchange across a wide range of sectors indicates South Korea's importance as a partner to Australia into the future. ■

Federal parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade has commenced an inquiry into Australia's relationship with the Republic of Korea and developments on the Korean Peninsula. The review encompasses political, strategic, economic (including trade and investment), social and cultural issues. It will consider both the current situation and opportunities for the future. For more information visit www.aph.gov.au/house/committee/jfadt/korea or email jxfadt@aph.gov.au or phone (02) 6277 2313.