

30 March 2021

Ms Lyn Beverley  
Committee Secretary  
Senate Foreign Affairs, Defence and Trade References Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Ms Beverley,

**Re: Inquiry into the funding for public research into foreign policy issues**

*About AIBC*

The Australia Indonesia Business Council (AIBC) is pleased to make this submission to the Committee, as the peak member-based business association leading promotion and facilitation of trade, investment and business cooperation between Australia and Indonesia.

The AIBC has been active for more than 25 years, has Chapters operating in all Australian States and Territories, and enjoys a close relationship with its counterpart organisation in Indonesia, the Indonesia Australia Business Council (IABC), operating in five Indonesian cities.

AIBC membership encompasses a broad spectrum of industry sectors, including education, agribusiness, tourism, manufacturing, healthcare, professional services, mining and METS, oil and gas, and engineering and construction.

AIBC has been closely engaged in the process of negotiation of the Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA) since its conception in 2007. AIBC is delighted that the IA-CEPA is now in the implementation phase, in which broad socialisation and activation will be critical to its effectiveness and success.

*Context*

Australia has one of the most trade-exposed economies in the world. Goods and services trade underpins much of Australia's economic activity and GDP. Australia's economy is also highly dependent on foreign investment and at the same time Australian companies are large investors in other economies.

Australia is also a regional leader in international relations and security, and an important provider of foreign aid to the region in the form of investment, technology and expertise.

Australians are also some of the most travelled people in the world. Pre COVID-19, some one million Australians were offshore at any one time.

Yet there is a paradox: despite Australia's huge international exposure, the knowledge of Australian people and Australian business about trade architecture and foreign relations is generally poor. Myths and erroneous assumptions abound: for example that China is the dominant foreign investor in Australia and is buying up much of our farmland; or that foreign aid is much larger than it really is and mostly delivered as cash grants to undeserving nations; or that a mercantilist approach to trade is in Australia's interests; or that overseas migrants take jobs from Australians rather than contribute to the economy.

Such misapprehensions and even misinformation inevitably influence foreign policy making about key relationships, trade and investment. That is why the Committee's considerations are important to Australia's economic future and regional security. The quality of knowledge and understanding about foreign policy – amongst a wide cohort of stakeholders – will dictate the quality of policy and its effectiveness in delivering outcomes that are in Australia's interests.

Australia has a number of very professional research institutions and think tanks covering most aspects of foreign policy and many but not all global regions. The work they do is valued by AIBC. Their diversity is important to providing contestable advice from different perspectives.

AIBC notes though that most research organisations are located in Canberra, Sydney and Melbourne, away from regions that host many trade-exposed industries and that are highly dependent on overseas migration to maintain skills and provide labour, as well as sustain populations. This may lead to analysis that is biased towards major city perceptions and less well-informed about the foreign relations interactions of other Australian regions.

Most research organisations by their very nature tend to take academic approaches to analysis and/or aim commentary at fellow travellers in foreign relations and not seek to engage mainstream business and community stakeholders.

Finally, AIBC notes that there are gaps in data – both official and from research organisations – about Australia's foreign relationships, which are concerning given Australia's international exposure. For example: information about two-way foreign investment is not as comprehensive as some other nations' data, notably the United States; data on trade in services (including services embedded in goods trade) is inadequate relative to the growing importance of services in Australia's and global trade; and the effectiveness of Australia's trade agreements is not well-documented

*AIBC recommendations*

AIBC makes the following recommendations to the Committee:

1. There is a pressing need for better and more transparent data and analysis on Australia's international relationships. This includes more detailed data on two-way investment and trade in services, including linkages with goods trade. Better information is also needed on how foreign aid is applied and with what effect, and how Australia's international relationships and economic interests are supported by aid. Measurement of the effectiveness of Australia's trade agreements and identification of opportunities for improvement to the agreements themselves and to implementation can also improve. AIBC recommends that both official data collection and analysis by research organisations be oriented towards filling the information needs as well as maintaining the quality of current data.
2. Diversity of location of research organisations is important in them being able to reflect the diversity of Australia's regional economies and their international relationships and to avoid south-east echo chamber effects on thinking.
3. Emphasis needs to be given to analysis and communication that relates to broader audiences than at present, notably those in business and the community that need to be informed better on foreign policy matters that affect them, and to counter misapprehensions and misinformation that skew their views.
4. Research organisations should aim for greater diversity of funding and not be wholly dependent on government so as to generate greater buy-in from business, less funder-capture and better market signals for research priorities.

We trust this submission contributes positively to your inquiry, and we look forward to providing any further information and/or appearing before the Committee during any associated public hearings.

Yours sincerely,

Phil Turtle  
National President