

**Inquiry by the Joint Standing Committee on Foreign
Affairs, Defence and Trade on Australia's Relationship
with the Republic of Korea and Developments on the
Korean Peninsula**

Government Response to Committee's Report

MARCH 2007

Recommendation 1

In recognition of the growing importance of the Australia-Republic of Korea defence relationship, the committee suggests that Defence continues to explore opportunities to enhance participation in bilateral defence exercises.

Australia values our bilateral defence relationship with the Republic of Korea, which has deepened in recent years, as illustrated by the visit to Australia by Defence Minister Mr Yoon Kwang-ung, in June 2005 and then Defence Minister Hill's visit to South Korea in October 2005. We also conduct regular senior level discussions with South Korea and the most recent political-military talks were held in Seoul in August 2006. While there currently are no plans to engage in major joint military exercises, our shared strategic interests in the Asia-Pacific region provide a firm basis for developing practical cooperation in areas of mutual benefit – particularly in the fields of peace operations, consequence management, defence science, professional exchanges and industry cooperation. A mechanism for sharing classified information with South Korea is being developed to facilitate activities such as these.

As a first step in deepening our cooperation, we have indicated that we would welcome increased South Korean participation on our training courses, as we are conscious of the value that the Republic of Korea's experience would bring to these courses. Invitations have been extended to a number of courses include the International Peace Operations Seminar, the Military Observers Course, and the Defence Management Seminar.

South Korea has indicated a willingness to increase defence capability cooperation in areas such as our respective advanced Destroyer and Airborne Early Warning and Control programs. We are pursuing opportunities to engage in lessons learnt exchanges in these and other material programs. In the longer term, we will seek to identify opportunities to further increase our practical defence engagement with South Korea.

Recommendation 2

At the first opportunity, the Australia-Korea Foundation ensure its board membership includes more members with an intimate knowledge of Korean society and culture.

Following head-of-government-level visits in 1988-89, the Governments of Australia and the Republic of Korea agreed to establish a group of influential members from the business, academic, cultural and media sectors of Australia and Korea to identify new directions and areas of cooperation in the relationship between the two countries. The group - the Australia-Korea Forum - subsequently met in Canberra and in Sydney and brought down a series of recommendations aimed at broadening and strengthening bilateral ties, including a recommendation that each side establish a foundation to promote the relationship.

The function of the Australia-Korea Foundation Board was initially set-out by an Executive Order-in-Council in May 1992, with the Board's current statement of objectives being:

- to promote within Korea an increased understanding of contemporary Australia and its importance to Korea, as well as of its history, culture, traditions and languages, particularly through targeted educational and media activities;
- to develop within Australia a better appreciation of contemporary Korea and its importance to Australia, and to promote understanding of Korean traditional society, culture, history and language especially through educational initiatives, media activities and the promotion of Korean language studies;
- to promote better understanding and more extensive discussion of mutual economic and foreign policy interests between Australia and Korea, and to encourage the development of closer associations between Australian and Korean business;
- to foster opportunities for increased collaboration between Australia and Korea in industry, science and technology through greater mutual awareness and through collaborative ventures; and
- to present Australia to the Korean people as a nation capable of outstanding creative and innovative achievement in cultural and artistic spheres, and a source of high quality productions in these areas.

To meet these objectives, the Australia-Korea Foundation is governed by a Board consisting of nine part-time members, assisted by a secretariat located within the Department of Foreign Affairs and Trade. The Chairman is appointed by the Governor-General on the recommendation of the Prime Minister and the Minister for Foreign Affairs. Board members are appointed by the Minister for Foreign Affairs. The Board meets three to four times annually to consider policy directions, and to decide on projects and grants.

Board members are drawn from a diverse cross section of the Australian community. All Board members are highly experienced in their respective fields, which include commerce, industry, tourism, science, technology, arts, media and sport. Board members are chosen on the basis of their standing in the community, their understanding of Korean culture and affairs, and their ability to contribute to the development of exchanges and understanding in their areas of expertise. Board members not only need a comprehensive understanding of modern Korea, but also the ability to project Australian values and interests. In addition to the knowledge, expertise and initiative that board members bring to Foundation, most Board members also travel regularly to Korea (generally, at least annually), which has proved useful in fostering and maintaining a contemporary knowledge of the country.

The Board is an outcomes-focussed institution, with a consistent track record of meeting or exceeding its objectives. Crucial to this achievement is the Board's ability to harness each individual member's experience and skills in their own professional field and frame this against the greater collective understanding.

Where vacancies on the Board appear in the future, knowledge of Korea and its society will continue to be used as key criteria to identify and select successful candidates.

Recommendation 3

The Department of Foreign Affairs and Trade provide all possible assistance, via organisations such as the Overseas Korean Traders Association, to small businesses exporting or wishing to export to the Republic of Korea.

Austrade assisted 257 companies to make export sales to Korea in 2005-06 including 70 companies which made their first ever export sale. The majority of these companies are small and medium sized businesses. Austrade provided services to 77 Korean-Australian clients, resulting in export success for 62 companies, including 24 first time exporters.

Austrade Seoul has a clear strategy for servicing small and medium sized exporters in the Korean-Australian community and has regularly conducted both formal seminars and more regular informal meetings with members of these groups over the last four years.

The first seminar series was held in August 2003 in Brisbane, Sydney and Melbourne. The most recent of these multi-city promotions was held in June 2006 in Brisbane, Sydney and Adelaide. Members of the Overseas Korean Traders Association (OKTA) have attended these events, all of which included information on Austrade's services and how to access the Export Market Development Grant (EMDG) scheme from Austrade specialists in this area.

Austrade Seoul has also been in touch with local Korean language press and SBS in Australia to generate information broadcasts aimed specifically at the Korean-Australian exporting community, which also constitutes the OKTA membership base.

Austrade representatives delivered a presentation to OKTA on business opportunities in the Korean market to more than 70 Korean business leaders in Melbourne on 27 August 2006. Other presentations were made by the Korea Trade Centre (KOTRA), the National Australia Bank and the Victorian Government.

Austrade will continue to work closely with local Korean business organisations and current and potential exporters to assist in international business activities.

Recommendation 4

In the event of the Commonwealth Government commencing free trade agreement negotiations with the Republic of Korea, Australian cultural industries (as well as Korean cultural industries) be protected, and issues relating to agriculture be determined at an early stage of negotiations.

The Australian Government pursues a combined multilateral, regional and bilateral approach to trade policy. This means that Australia is open to concluding regional or bilateral agreements that deliver substantial gains to Australia which cannot be achieved in a similar timeframe through the multilateral system.

The Australian Government examines Free Trade Agreement (FTA) proposals against clear criteria. FTAs should:

- have the potential to deliver substantial commercial and wider economic benefits to Australia in a shorter timeframe than multilateral trade negotiations;
- be fully consistent with World Trade Organisation (WTO) principles and rules, and build on WTO outcomes;
- be comprehensive, delivering substantial liberalisation across goods, services and investment, with all sectors considered at the start of the negotiations; and
- significantly enhance Australia's broader economic, foreign policy and strategic interests.

Comprehensive free trade agreements can complement and give momentum to our wider multilateral trade objectives. Australia expects that any progress in regional trade liberalisation should be multilateralised, in due course, through WTO negotiations.

Australia believes that it is important that FTAs contribute to the multilateral system. Ensuring that FTAs meet WTO rules and procedures that apply to these agreements is one of the best ways to achieve this. Australia is an active participant in the WTO Doha Round of negotiations which, inter alia, claim to clarify and strengthen these rules.

Against these criteria, any FTA that Australia would seek to negotiate with Korea would need to be comprehensive and deliver substantial liberalisation across all goods, services and investment.

The agreement would cover trade impacting on both Australian and Korean cultural industries. Such coverage would help maximise the gains to both countries, and add to the cultural and social understanding between each country. We do not envisage any particular sensitivities with respect to each other's cultural sectors.

The Korean agricultural sector is heavily protected and enjoys considerable political support. As a consequence, Korea's approach to agricultural trade and its sensitivity over its rural industries is well understood. These sensitivities would need to be balanced against Australia's agricultural interests and our need for a comprehensive agreement.

Recommendation 5

Australian Education International create an Internet-based forum for Korean students returning from Australia. Comments on this forum should be regularly reviewed and followed up if necessary with Australian educators.

The Department of Education, Science and Training has considered a variety of means to build linkages with and obtain feedback from Korean students returning from Australia. The Department considers that the most comprehensive and cost-effective mechanism to achieve this will be our planned ongoing engagement with alumni of Australian education through the enhanced alumni network to be developed under the Australian Scholarships initiative.

Recommendation 6

The Department of Education, Science and Training develop a memorandum of understanding with its Republic of Korea counterpart with a view to the mutual recognition of educational qualifications.

The Department of Education, Science and Training (DEST) updated its Country Education Profile (CEP) for South Korea at the end of 2006. The CEP provides information on a country's education system as well as assessment guidelines for overseas qualifications and will be essential in determining the Australian position on granting reciprocal recognition to Korean qualifications.

Recent exchanges between DEST and the Korean Ministry of Education indicate agreement that a formalised Memorandum of Understanding would not provide additional benefits for what is already a strong and effective education, science and training relationship with Korea.

Recommendation 7

The Department of Immigration and Multicultural Affairs review the risk presented by students from the Republic of Korea who are accompanied by a guardian when they study in Australia. The result should be incorporated into the overall risk assessment for such students.

The Department of Immigration and Multicultural Affairs (DIMA) is currently conducting a review of the Assessment Level methodology for international students which is expected to be completed by April 2007. DIMA will consider the issues raised by the Sub-Committee as part of that review.

Recommendation 8

The Department of Education, Science and Training promote school exchange visits between Australia and the ROK through direct funding, or by facilitating sponsorship from non-Commonwealth Government bodies.

The Australian Government recognises that education in a global community brings with it an increasing need to focus on developing inter-cultural skills and understanding in our students. Language education plays a key role in developing these important skills. School exchange visits and in-country study opportunities can provide school students with particularly rich learning experiences.

The Australian Government, through the provision of targeted funding, assists in the achievement of specific objectives as agreed with the States and Territories. The Government supports Languages education in Australian schools and after-hours ethnic schools through its School Languages Programme (SLP) and over \$112 million is being distributed to State and Territory education authorities over the next four years to support languages education including Asian, European and Indigenous languages.

AEI South Korea has also been actively encouraging a variety of interested parties including Australian and South Korean schools, government and other bodies such as Rotary Clubs to consider establishing sister relationships and/or other grass roots exchange programs.

The Department of Education, Science and Training supports exchanges through awareness raising and information exchange. State and Territory school education authorities carry the primary responsibility for schooling in Australia. They are responsible for the day-to-day management of schooling, including curriculum requirements and guidelines for student excursions, including overseas trips. This includes sponsorship arrangements for overseas trips.

The Department also notes for the information of the Committee that the Australia-Korea Foundation funds annual primary and high school student and teacher exchanges between Australia and the Republic of Korea.

Recommendation 9

The Department of Education, Science and Training coordinate a review of the breadth and depth of science and technology research collaboration between Australia and the Republic of Korea with the purpose of providing strategic leadership through the development of an action agenda.

During 2006 the Prime Minister's Science, Engineering and Innovation Council (PMSEIC) established a new working group on Australia's S&T Priorities for Global Engagement. This working group presented its report on international science and technology issues and options to PMSEIC in December 2006. The findings of the PMSEIC working group will be considered by the Department over the course of 2007 and will inform future science and technology engagement with the ROK.

The terms-of-reference of the working group are to:

1. Consider how Australia can get the best value in a strategic sense from partnering with other countries to further the national interest. This should include:
 - an examination of Australia's areas of existing and emerging science and technology strength;
 - identification of those countries which have the most to offer Australia; and
 - consideration of the issues that could make Australia an attractive partner from their perspective.

The approach will focus as much on potential industry and economic benefits as on building Australia's research capability.

2. In light of (1) above, identify opportunities for Australia to increase its level of global engagement or shift the focus of existing activity in the national interest. This process should take account of the likely impact of multinational "big science" projects and issues as well as Australian science and technology programmes and policy initiatives such as the National Collaborative Research Infrastructure Strategy.

3. Identify problems or challenges which may prevent Australia taking advantage of these opportunities, and consider how government with industry and other support can most usefully intervene to facilitate global S&T engagement.

The findings of this PMSEIC working group will inform the Department of Education, Science and Training's future international engagement strategy, including any strategy or action agenda related to Korea.