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Australia's Asian Connections: A Stocktake

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Introduction

The debate in Australia on Asian immigration and issues of race, which has followed the Maiden Speech of the Independent Member for Oxley, has prompted some strong responses from sections of the media throughout Asia. This has in turn produced comments, particularly from business groups, that the debate in Australia and its media coverage may damage Australia's long term interests in the region.

An overview of these interests is the subject of this Background Paper *Australia's Asian Connections: a Stocktake*, while the Backgrounder *Asian Press Reactions to Australia's Race and Immigration Debate*, which is released in conjunction with it, is a collection of reports, opinion and letters on the debate in Asian newspapers. The Current Issues Brief No. 16, *Asian Immigration* deals with the issue of the debate—the role of Asian people in Australia's immigration program.

Over the last decade Australia's relationship with Asia has drawn attention from an increasing number of perspectives. Much of this is the product of some two decades of spectacular economic growth in many Asian countries. This in turn opened possibilities for Australians to make contacts in more areas than before. These possibilities have transformed Australia's relationships with Asia, increasing the number of areas where the nature of the relationship is important to Australia, yet blurring the fact of Australia's previous and considerable involvement in the region.

The reaction of Australians has not been universally positive. The widening of the issues that have come to be encompassed in the debate about Australia's involvement in Asia has been seen by some to raise fundamental questions about the nature of Australia and its people. The growing awareness of the strength of 'Asia's' economic performance has become a perceived threat to continuing employment or to working conditions for others. Much of this ambivalence has surfaced in the debate on race and Asian immigration.

Yet the breadth and duration of the debate demonstrates the extensive scope of those relationships that Australia has already established with Asia. Similarly, the response to it in the Asian media indicates that many Asians feel that they also have an interest in the development of issues in Australia. *Australia's Asian Connections: a Stocktake* provides a brief overview of Australia's involvement with Asian countries in several important areas such as trade, immigration, telecommunications, foreign relations and defence. *Asian Press Reactions to Australia's Race and Immigration Debate*, a collection of current reporting in the English language press of many Asian nations, gives an insight into the information presented to the generally influential English—speaking sections of Asian populations. Together, these publications are intended to provide a summary of the of the nature of Australia's relationship with Asia in each of the various areas of interest and a feeling for some of the attitudes of Asian people on the immigration issue. They should provide an understanding of the extent of those connections between Australian and Asian which already exist.

The Context of Australia's involvement with Asia

A number of factors have encouraged the evolution of a wide and deep network of linkages between Australia and the countries of Asia and it is these which are the subject of this paper. As well as defence, foreign policy, trade and immigration interests and issues, these linkages also include growing investment, information and telecommunications interests and, increasingly, the education and tourist markets.

Until the end of the 1930s, when an embryonic diplomatic service was established, Australia's relationship with Asian countries, many not independent of western tutelage at that time, were largely determined by its imperial link with the British Empire. The period since the end of the Second World War has seen a profound shift in Australia's relations with Asian nations from those driven by defence considerations to those determined by economic development. The Colombo Plan of the 1950s had a strong security objective, promoting economic development as a foil against the perceived threat of communism. The most significant of the early economic ties with Asia, the Australia-Japan Commerce Agreement of 1957 was signed amidst controversy. Yet, by the time the United Kingdom joined the (now) European Union in 1973, Australia's ties with the Asian countries were broadening significantly.

The ending of the White Australia Policy from the mid 1960s, and the end of the Vietnam War, saw an increase in the Asian component of Australia's migration program (see the companion paper, Current Issues Brief No. 16 *Asian Immigration*, by Adrienne Millbank). At the same time the beginning of the phenomenal growth of the newly industrialised countries of Asia (led by China, South Korea and Taiwan and followed more recently by most of the ASEAN countries) triggered a new set of relationships. Consequently, in the past two decades a number of Asian countries have been transformed dramatically from being unstable and economically underdeveloped to becoming dynamos of growth and stability, even though under political systems which, from the Western perspective, are less than fully democratic.

Australia, too, has sought to reinvent itself not as an outpost of empire or stalwart western ally, but a partner in the region which shared interests with both the old world and the new. At the same time, a domestic shift from the policies of White Australia to those of multiculturalism has had a profound impact on Australian society which itself is still coming to terms with some of the consequences. It is in this context that occasional debates have arisen in Australia over immigration, racism, the government's stand on human rights abuses in Asia and the attitude of Asian governments to criticisms from outside the region.

These factors illustrate that the transition has not always been without difficulties. Different values and approaches have caused misunderstandings and occasional tensions. They reflect the different nature of political systems and styles, despite in some cases, similarity in form. Although it should be noted that relationships between some Asian countries themselves are by no means harmonious there are differences in outlook between Asian and Australian societies. Generally, Western democratic practices include adversarial and confrontational forms of open debate and accountability while Asian societies, still largely traditional, seek consensus and try to avoid open confrontation. The rights of the individual and those of the community are also stressed differently, with Asian societies giving priority to those of the community.

In this context, Australian and other Western countries' comment on human rights abuses, lack of democracy and related issues in for example China, Indonesia and Burma, have been dismissed by their governments. Some Asian countries, particularly China, Indonesia, Singapore and Malaysia, have argued that these comments are hypocritical, and an unwarranted interference in their domestic affairs.[1] However, some Asian countries have taken steps of their own to safeguard their citizens' legal position, such as Indonesia's Human Rights Commission while others have responded to more democratic practices as in South Korea and Thailand. Nevertheless Asian governments point to the record of Australia and other Western countries at a similar period of economic growth and to current domestic problems in the West which, *inter alia*, they perceive to be excesses of individualism and democratic practice. In contrast, they claim that they have provided stability and economic growth unparalleled in their history in comparison to the slow growth and what they argue, is the social decay of their critics' countries.

These differences of opinion are not surprising given the differing political, cultural and ethical attitudes which exist both between the West and Asia and within Asia itself. Nonetheless, as this paper demonstrates, the linkages which Australia has already established with the countries of Asia are already broad and of considerable importance to the partners concerned. The current debate on Asian immigration may well have some effect on further development of these links, yet their mutual benefit provides an underlying strength. Although economics is not the sole dimension of Australia's Asian connection, the \$15.5 billion trade surplus that this country enjoys with Asia does much to underwrite our way of life. Equally, Australia offers much that is attractive to Asians. Despite occasional disputes, the connections between Australia and the countries of Asia offer such mutual benefits that they will inevitably strengthen.

Population and Immigration

Australia's population has been changed by immigration more than that of any comparable country: 23 per cent of Australia's population is overseas-born, compared with 15 per cent of Canada's and 9 per cent of the USA's. Forty per cent of the Australian population are migrants or have parents who were migrants. As at June 1995, 4.8 per cent of the estimated resident population was born in an Asian country, and with their Australian-born children, first and second generation 'Asians' comprised about 6 per cent of the population.[2]

The Asian proportion of the immigration program has increased rapidly following the arrival of large numbers of Indochinese after the end of the Vietnam War, and source countries have become more diverse. Meanwhile the proportion of migrants from the UK has declined. By 1985–86, Asians comprised 35 per cent of all settler arrivals. Since the early 1990s Asians have comprised about 40 per cent of all settler arrivals and over half of our net permanent gain. By 1995 China (at 15 per cent) was the top source country in terms of net gain, followed by the UK (11 per cent).[3] Appendix A provides statistics on the leading ten countries for residents of Asian origin.

While the Asian proportion of the total population is small, it is growing: in 1976, the Asia-born comprised only 1.1 per cent; in 1985 2.5 per cent. Projections of immigration, based on recent intakes and source country balances, suggest that by 2031 people born in Europe (including the UK and Ireland) will decline to 6–7 per cent of the population, and those born in Asia will increase to 6–7 per cent. Projections based on ethnicity suggest that by the year 2025 people of Anglo-Celtic background will make up 62 per cent, people of European background 15 per cent, and people of Asian background 16 per cent of the total population.[4]

Migration is changing in particular our largest cities: in 1991, over 20 per cent of the resident population of Sydney and Melbourne were born in a non-English speaking country, compared with less than 5 per cent in regional centres. Migrants from Asian countries in particular have preferred to settle in our largest cities: in 1991 over 90 per cent lived in cities of over 100 000, compared with 80 per cent of those born in Europe and 58 per cent of the Australia-born. The proportion is particularly high for some groups: 98 per cent of people born in Vietnam and 94 per cent of people born in Mainland China live in major cities, mainly Sydney and Melbourne.[5] (see Appendix A)

Trends in regional and social composition of immigration

Asia-origin migrants fall into two categories, with quite different settlement experiences, depending on the migration stream under which they have entered. Migrants in the skilled or 'economic' stream (independent, business and employer-nominated) are generally highly educated, English speaking, young (under 45), middle class, in higher status jobs and on higher incomes than the Australia-born. They have come especially from Hong Kong, Malaysia, Singapore, Taiwan and Indonesia. Humanitarian and family reunion migrants have in general been low-skilled and (except from countries like the Philippines and India) non-English speaking, and some have experienced high and continuing rates of unemployment and welfare dependency. They have come particularly from Vietnam, Laos, Cambodia, the Philippines, and in recent years from Mainland China.

In 1995-96 the family stream comprised about 70 per cent of the migration (non-humanitarian) program, and the skilled stream 30 per cent. The family and humanitarian streams combined comprised about 75 per cent of program migration. Asia-origin migrants comprised 52 per cent of skilled migrants (and 85 per cent of the elite business category), 55 per cent of family migrants and 17 per cent of humanitarian migrants. In the late 1970s and 1980s Asia-origin migrants were disproportionately represented in the humanitarian, as well as the family and business categories.

Public attitudes and issues in immigration policy

Surveys of public opinion polls over the last 40 years show that public support for immigration has steadily declined as economic conditions have become less favourable, as the balance of the program has moved towards lower-skilled family reunion and humanitarian migration, and as source countries have become more diverse. As at other times of shifts in direction of the migration program or economic downturn, opposition would appear to have intensified during the 1990s, with concern over unemployment rates during a recession, with the migration program heavily weighted in favour of family migration, and with large numbers of recently arrived migrants dependent on unemployment or other benefits.

A Longitudinal Survey of Immigrants to Australia showed last year that, of recently arrived immigrants in the business migration stream, under 3 per cent were unemployed, compared with 85 per cent of humanitarian entrants, 39 per cent of preferential family, (fiances, spouses and non-working age parents), and 36 per cent of concessional family (siblings, nieces, nephews and working-age parents) entrants.[6] Most recent opinion polls show a majority of two thirds or more of respondents opposed to the current rate of migration, including Asian migration, and especially family reunion migration.[7]

There is a consensus among researchers and commentators that much of the resentment towards Asian migration that has been expressed in recent years has been a more general opposition to the economic and employment impacts of all immigration in the context of high unemployment. It has also been anticipated that, as with previous waves, initial suspicion or hostility in the host community will disappear as the new groups become part of the broader community, and their contribution as recognisable as, for example, that of the Southern European Greeks or Italians who preceded them.

The immigration and settlement context confronting the new Asian migrants however is different from that experienced by earlier waves of settlers. Unemployment levels are higher, and structural changes in the economy have eliminated many of the unskilled jobs that earlier non-English speaking migrants went into soon after arrival. There is no longer a labour shortage, the need to increase the population is no longer unquestioned, and the permanent migration program no longer has a single overriding or straightforward rationale.

Regardless of the size of the permanent immigration program, people from Asian countries are likely to comprise an increasing proportion of both its skilled and family components. Also regardless of the size of the permanent migration program, there is likely to be an increasing Asian presence in our cities. People from Asian countries comprise a growing proportion of the rapidly increasing temporary movements—of business people, professionals, specialised workers, students, visitors and tourists—in our region. If present trends continue these sorts of temporary movements, both into and out of Australia, will be of more economic significance than the permanent migration program.

Australia's Foreign Relations with Asia

The Asian region includes some of Australia's most important and sensitive foreign relationships. It covers an area of major strategic significance for Australia. Asia includes some of the world's largest and most dynamic economies. For these reasons, successive Australian governments have seen relationships with Asia as crucial: indeed, Foreign Minister Downer, in his first major statement reaffirmed that 'close engagement with Asia is the Australian Government's highest foreign policy priority'.[8]

Australia's Asian policies have involved the simultaneous pursuit of many different interests on the part of the government, business and private citizens. Four areas of policy interest have been of consistent importance: promotion of a stable regional security environment, expanding trade and economic cooperation, development assistance and promotion of a favourable image for Australia. To pursue these goals, Australian governments have developed a comprehensive range of bilateral relationships, and have supported regional multilateral cooperation and actively participated in efforts to expand it.

Political and Regional Security Issues

In the 1990s, in the early phases of the post Cold War era, the security environment in East Asia has generally been seen as having improved substantially.[9] The decline of confrontation between the former Soviet Union and the United States has been accompanied by a widespread process of regional detente. China in the 1990s has consolidated its relations with its neighbours and normalised relations with all the countries in Southeast Asia (including Vietnam). The Cambodia conflict was ended as a source of regional and international dispute by the Paris Agreements in 1991 and Vietnam has been able to expand greatly its foreign associations and became ASEAN's seventh member in 1995. All of these developments have benefited regional security and thus the context for Australia's own security.

Nonetheless, some sources of existing and potential tension continue. The decline of the Soviet Union has been accompanied by uncertainty over the roles of the major powers in the Asian region, especially the US, China and Japan. China is undergoing a process of remarkable economic growth at a time when there is uncertainty about the character of political succession in the post Deng Xiaoping era and some of China's neighbours are wary of its potential for increased influence in areas including the South China Sea. On the Korean Peninsula the heavily armed but economically weak and isolated North Korean regime continues to confront the South. A number of territorial disputes—some of which lay dormant during the period of the Cold War—could pose problems, as the recent controversy over the Senkaku/Diaoyu islands (between Japan and China) has illustrated.

Australia has sought to play an active role in helping to build a secure environment so that the process of positive economic growth can continue. At the bilateral level, Australia concluded a security agreement with Indonesia in December 1995 which is the first such formal security agreement to be signed by Indonesia and which has provided the basis for consolidation for Australia's most important bilateral relationship in Southeast Asia. Australia has also upgraded the level of its dialogue on political and security issues with two of its most important partners in Northeast Asia, Japan and South Korea. Australia has sought simultaneously to emphasise its commitment to engagement with China and its strong support for China's involvement in regional and international cooperation (this emphasis was reaffirmed in the meeting in late November between Prime Minister Howard and President Jiang Zemin). Australia has also contributed to the efforts led by the US to alleviate the problems posed to regional security by the development of North Korea's nuclear industry: Australia is accordingly giving financial support to the Korean Peninsula Energy Development Organisation (KEDO), established in 1994.

At the regional level, Australia was one of the first countries to establish a multilateral relationship with the Association of Southeast Asian Nations (in 1974) and has been active as a dialogue partner. Australia has been an active supporter of the ASEAN Regional Forum (ARF) since its initiation in 1994. The ARF includes all the major powers with interests in East Asia and in 1996 it was also expanded to include India. Although still at an early stage of development, the ARF provides the basis for a process of regular dialogue about major issues of regional security and its specialist working groups offer a concrete way of expanding communication and confidence among its members.

Economic cooperation

The countries of Asia include most of Australia's major trading partners, making Australia's interests in expanding bilateral and multilateral cooperation clear. Since the inauguration of the Agreement on Commerce with Japan in 1957, Australia has been able to develop a wide range of agreements on trade and investment with most of the countries of East Asia. These agreements are regularly updated, as was the case with Malaysia in 1996 when a new trade treaty was concluded.

Australia is also seeking to help consolidate the basis for economic growth in the Asian region through the Asia Pacific Economic Cooperation (APEC) process. APEC is designed to support the pattern of regional economic growth and integration which is already developing by reducing impediments to trade and investment and seeking free trade and investment flows by no later than 2020.

Successive governments have seen APEC as serving both economic and political interests for Australia. In addition to its potential for smoothing the flows of trade and investment, APEC provides a further avenue for dialogue among the Asia Pacific's major players.

APEC is the only grouping which brings together the economies of China, Hong Kong and Taiwan. In addition, APEC involves the United States in a process of regular discussion with its major Asian trading partners and APEC's annual meetings at heads of government level (begun in 1993 at Seattle) provide a venue for both useful multilateral discussions and many valuable informal bilateral talks among Asia Pacific leaders as well.

Development Cooperation

Development cooperation has been an important element in Australia's foreign relations towards Asia since the inauguration of the Colombo Plan in 1950 and particularly since the Jackson Report in 1984 which sought to sharpen the focus of Australia's assistance programs on the Asian region. As the pace of economic change in many Asian countries has proceeded, the role of development cooperation in a number of relationships has, quite appropriately, changed with a greater emphasis on areas including human resource development and specialist infrastructure projects (such as bridge renovation in Laos and Cambodia) and with more opportunities available for the private sector, which delivers the majority of the Australian aid program. Asian countries continue collectively to be the most important focus for Australia's development assistance (see Appendix B) and are likely to remain in this position for some time. Some countries remain very poor (such as Cambodia and Laos) and some others, while experiencing rapid overall growth rates (such as Indonesia and Thailand), still contain sectors of substantial poverty which are appropriate focuses for Australian assistance.

Australia's development cooperation program concentrates on contributing to poverty alleviation, strengthening human security and promoting sustainable economic growth. The main recipients of assistance in Asia in 1995–96 included Indonesia ($129.9 million), the Philippines ($74.4 million), Vietnam ($63.5 million), China ($61.2 million), Thailand ($37.3 million), and Cambodia ($32 million). Most assistance is provided through country programs but Australia also supports many international and regional programs of relevance to Asian countries.

Australia's Image as a Regional Partner

An important part of Australia's foreign relations efforts in Asia focuses on the development of a favourable image for Australia as a regional partner and participant in regional affairs. Australia's image, of course, largely reflects the impact of the wide range of Australian policies in relation to Asian countries and towards regional issues. In the past two decades, several developments have contributed markedly to advancing Australia's image, including our positive response to helping to alleviate the serious impact of the Indochina refugee crisis in Southeast Asia in the late 1970s and early 1980s, the process of economic liberalisation which has made Australia's economy much more open and more involved with those of its neighbours and Australia's extensive role in the diplomatic efforts made to resolve the Cambodia conflict culminating in the Paris Agreements (October 1991) and the involvement in Cambodia by the United Nations in which Australians played a prominent role.

The Australian government has also sought actively to promote Australia through specific information programs and cultural exchanges, especially since the Australia's efforts in this area were refocussed towards Asia from the mid 1980s. Examples of these in the past year have included the 'Australia India New Horizons Program' in late 1996 which involved promoting Australian capabilities in business, culture, sport, science and technology, and the environment. A similar program directed towards Hong Kong was 'Celebrate Australia '96', a year long promotion sponsored jointly by the Australian Government and the Australian Chamber of Commerce in Hong Kong.

Australia's image can have an important bearing on Australia's capacity to continue to build up regional institutional associations and involvement in discussions and cooperation. For example, while Australia is a founder member of both APEC and the ARF, it has not yet been able to gain access to the Asia Europe Meetings (ASEM) which bring together the major countries of Southeast and Northeast Asia with the members of the European Union. As the Department of Foreign Affairs and Trade noted in its annual report for 1995–96, Australia's failure to gain an invitation to the ASEM in December 1995 was a disappointing development. The Department noted that: 'This demonstrates how the views of regional countries may frustrate the achievements of important objectives, notwithstanding our best efforts'.[10]

Education

Asian Students in Australia

In 1995 there were 69 232 private overseas students from Asian countries studying in Australia. This represented 85.8 per cent of the total number of private overseas students. The major source countries were Hong Kong (12 143), Malaysia (11 121), Singapore (9475), Indonesia (8585), South Korea (5981), Japan (4711), Taiwan (3924), Thailand (3533), China (2931) and India (1800).

Of the 69 232 Asian students, 48 464 were in higher education, 5060 in other post-secondary courses, 8310 in primary and secondary education and 7398 were undertaking English language instruction courses (ELICOS).

A breakdown of higher education students by field of study for the major Asian source countries is shown in Appendix C. The figures refer to the percentage of students from each country who are studying in each field of study.

Economic Impact of Overseas Students

A recent study, *The Labour Market Effects of Overseas Students*, commissioned by the Bureau of Immigration, Multicultural and Population Research concluded that mainly as a result of overseas students and their expenditure forming 'quasi-export income', their presence in Australia increased the aggregate demand for labour by about 0.5 per cent.[11] In terms of the higher education sector, the first-round employment creation effect of overseas students was in the order of 560 equivalent full-time staff.[12]

The study also identified net foreign exchange earnings as a result of overseas students at about $1060 million in 1992. This estimate excluded secondary students, who comprised about 11 per cent of overseas students in 1995.[13]

Issues

The Ministerial guidelines issued under the *Higher Education Funding Act* 1988 have acted to ameliorate some of the problems that may have occurred with the rapid expansion of the numbers of overseas students in recent years. Higher education institutions may only accept overseas students if there is no displacement of Australian students, and they must charge fees which at a minimum must cover the full cost of their education. The Commonwealth has also imposed course quotas to prevent the concentration of overseas students in particular courses.

Some concerns have been expressed over the maintenance of academic standards, with suggestions that some universities have lowered minimum entry standards in order to gain market share.

Funding Support and Benefits to Australia

In December 1988 the Government announced that from 1 January 1990 intakes of subsidised overseas tertiary students (who were required to pay an Overseas Student Charge which did not cover the full cost of their courses) would end. From that date all new overseas higher education students were required to pay fees equivalent to the full cost of their courses. In place of the subsidy, the Government made available an increased number of scholarships for overseas students through the Equity and Merit Scholarship Scheme.

Since 1990 the Equity and Merit Scholarship Scheme has been replaced by the John Crawford Scholarship Scheme, which was renamed the Australian Development Cooperation Scholarships (ADCOS). There are now two streams of in-Australia scholarships: ADCOS and the Australian Sponsored Training Scholarships (ASTAS). ASTAS comprises the long-standing programs of scholarships for individuals who have been nominated by their home governments. Study programs range from short courses to PhD programs. ADCOS provides opportunities to individuals who can apply direct without the need for government nomination. All students undertake tertiary programs. Selection criteria ensure that the training needs of the students' country of origin are met, that some scholarships are targeted at disadvantaged groups, and that men and women are offered equal numbers of awards. As at 31 March 1996 there were 4190 Asian students in Australia supported by these aid programs.

With regard to private overseas students, Commonwealth Governments have encouraged higher education institutions to increase their income from this source by supporting the promotion of Australian education services overseas, particularly in Asia.

The Government's view is that international education produces many long-term benefits for Australia, through contributions to continued economic growth in the region and greater mutual understanding and personal and business networks. Links between educational institutions in Australia and those in the Asia Pacific region are also seen as important because they create wider curriculum options, greater research opportunities and more diverse career paths for Australian students.

The 1992 policy statement *International education in Australia through the 1990s* noted the following benefits that would flow from the internationalising of Australian education:

- it would ensure that Australians acquire the skills to meet the challenges of a world with increasing interdependence of economies and peoples;
- encompassing international standards would assist the internationalisation of the economy, in particular the labour market, and improve our international competitiveness;
- the personal and institutional linkages developed through international education would enhance subsequent trade and investment;
- drawing the best overseas students raises standards within Australian institutions and widens the experiences and perspectives of Australian students. As most international students in Australia come from Asia, this enhances Australia's economic, cultural and political integration with the fast-growing Asia-Pacific region;
- education and training links can develop into collaboration in research and applied technology transfer. Postgraduate students from overseas are an important part of Australia's research effort;
- educational aid involving the training of overseas students in Australia or using Australian expertise to help develop the educational and training systems of developing countries benefits recipients as well as improving knowledge of and attitudes towards Australia.

While the Policy Statement concentrated on the benefits to Australia, the fact that the internationalising of education is a two-way process means that similar benefits will flow to all countries concerned.

Institutional Cooperation and Linkages

There have been significant efforts by Australian higher education institutions to establish and maintain links with other institutions in the region. In August 1994 participants from eleven Asian and Pacific countries (representing 46 universities) met at Macquarie University to formally establish a regional network between higher education institutions. This conference was financially supported by UNESCO and the Australian Vice-Chancellor's Committee (AVCC). It was decided that a secretariat would be established to act as a clearinghouse to underpin the network, and to build up a database of participating institutions and collaborative projects being conducted with the aid of the network.

A recent report on International Links in Higher Education Research (produced by Professor Paul Bourke and Ms Linda Butler of the ANU for the National Board of Employment, Education and Training) noted that while collaborations with 'traditional' partners such as the USA, the UK and New Zealand have fallen, there has been a corresponding increase in collaborations with the emerging science nations in the Asian region. The report suggests that Australia should monitor changes in its international research links to ensure that it takes full advantage of the increasing importance of Asian-Pacific countries in international science.

Australia's Trade with Asia

Merchandise Trade

Australia's merchandise trade with Asia reached $74 billion in 1995. The trade balance with the region was a healthy surplus of $15.5 billion. On an individual country basis, Australia has a surplus with all of the countries of Asia except China, Vietnam and North Korea (DPRK).

In 1995, 7 of Australia's 10 largest export markets were in Asia. Total exports to Asia of $44.9 billion represented almost two-thirds of the total merchandise exports. Growth of exports to the region has averaged over 11 per cent per year—this is 3 per cent higher than growth in exports to the rest of the world.

Within the region, trade with East Asia continued to grow strongly. Exports to East Asia increased to $43.3 billion in 1995, that is 60.5 per cent of total merchandise exports. Similarly, imports from East Asia rose to $28.7 billion or 37 per cent of total merchandise imports. The composition of exports has progressively moved away from primary products toward manufactures—from 60 per cent primary products and 22.6 per cent manufactures in 1991 to 47.4 per cent and 24.1 per cent respectively in 1995.

Australia's trade with Southeast Asia grew by 20 per cent in 1995 to reach $18.5 billion, made up of $11.5 billion in exports and $7 billion in imports. Trade with this area has grown from 10.2 per cent of total merchandise trade in 1991 to 12.4 per cent in 1995.

Trade with South Asia represented only 2 per cent of total merchandise trade in 1995 but is growing strongly. Total trade rose 11.9 per cent to $2.3 billion in 1995, with exports increasing 13.3 per cent and imports 9.1 per cent.

Trade with Regional Nations

Japan was Australia's largest trading partner in 1995. Japan was the largest market for merchandise exports (23.1 per cent of total exports) and the second largest source of merchandise imports (15.5 per cent of the total). Japan imported goods worth over $16 billion from Australia; among the main items were coal ($3 billion), beef and veal ($1.5 billion) and iron ore ($1.3 billion) and non-monetary gold ($1.2 billion). In addition, the Australian Wheat Board has signed a contract which will deliver a minimum of 900 million tonnes of wheat (worth $400 million) to Japan in 1996–97. Major import items from Japan were passenger motor cars ($2.2 billion) and goods and special purpose vehicles ($1.4 billion).

Korea was Australia's fourth largest trading partner with total trade reaching $8.3 billion, a rise of 28.4 per cent over the previous year. Korea imported over $6 billion in Australian products, including non-monetary gold ($1.4 billion), coal ($1 billion) and iron ore ($400 million). This made Korea Australia's second largest market for merchandise exports, supplying 8.5 per cent of total exports. It ranked ninth as a source of imports and supplied 2.9 per cent of total imports, consisting mainly of manufactures. The main products were passenger motor cars ($536 million), woven man-made fabrics ($162 million), cathode valves and tubes and similar components ($143 million).

In contrast to Australia's other main Asian trading partners, trade with China slowed in 1995. The growth rate slowed from 18.4 per cent in 1994 to 12.9 per cent in 1995. China is Australia's seventh largest export market and fifth largest source of imports. Total merchandise trade with China was $7 billion in 1995.

Exports to China rose 11 per cent to $3.1 billion and imports 14.5 per cent to $3.9 billion. The deficit in trade with China increased from $558 million in 1994 to $737 million in 1995.

Also listed among Australia's trading partners for 1995 were Singapore ($6.3 billion), Taiwan ($5.9 billion) and Hong Kong ($3.9 billion).

Australia is currently the largest exporter of coal to the Asian market and this situation is expected to continue for some time as the number of Asian coal fired power stations increases. There are good prospects also for continued growth in exports of iron ore and aluminium, for which regional demand continues to grow.

Initiatives in Food Products Trade

On 12 September 1996, the Prime Minister officially launched the 'Supermarket to Asia' strategy aimed at increasing Australia's share of the rapidly growing Asian food market. He announced the formation of the Prime Minister's Supermarket to Asia Council which will include the Prime Minister and four other senior ministers working with a group of industry leaders to remove barriers to Australia's food exports to the region.

The Asian food market is estimated at US$600 billion, with about 12 per cent (US$70 billion) being supplied by imports. By the end of the century it is estimated that the market will have grown to US$685 billion and the portion supplied by imports to US$83 billion.

The Supermarket to Asia strategy commits A$10.2 million over three years to projects such as developing streamlined national food safety and residue regulations; reducing the cost of regulation in the industry and clearing quarantine barriers into Asian markets.

Services Trade

Services trade with Asia shows a similar position to merchandise trade. Australia has a surplus with all of its main Asian partners except China, Hong Kong and Thailand. Overall, with its major partners Australia has a substantial surplus.

In recent years, exports of services have grown very strongly and the Asian countries have been major purchasers. The trend growth between 1984–85 and 1993–94 shows 8 of the major Asian export markets for Australian services growing at more than 15 per cent a year and two of those at about 40 per cent. On the other hand, only two of the group showed similar growth for total imports of services and the rates for these were less at around 25 per cent.

Japan was the principal destination for Australian exports of services in 1993–94, a total of \$3.2 billion or 17.8 per cent of total services exports. The stagnant Japanese economy slowed the growth in services exports and in 1993–94 they grew at only 3.5 per cent, well below the trend rate of 20.2 per cent. Imports of services from Japan grew at 6.1 per cent per year over the decade but the surplus of \$1.7 billion in 1993–94 represented a significant reversal from a deficit of \$223 million in 1984–85.

The ASEAN group has become a major export market for Australian services. In 1993-94 exports to this group rose by 18.5 per cent to reach \$2.8 billion, above the trend rate of growth for the last decade (15.8 per cent). Australia had a surplus of \$382 million with ASEAN in 1993–94. Travel services have been the main component (\$1.4 billion in 1993–94) and have grown at 25 per cent a year over the last decade.

Singapore was the leading market in this group with \$880 million or 31 per cent of total services exports to ASEAN. Malaysia (\$554 million) and Indonesia (\$510 million) were also significant markets.

Imports of services from ASEAN slumped in 1993–94 after strong growth in 1992–93 (25.1 per cent) and fell by 0.1 per cent. Other transportation services are by far the largest component of services imports—37 per cent of the total for the region. Singapore is again the largest partner.

Other important Asian markets for Australian services in 1993–94 were Hong Kong, Taiwan, China and Korea.

Involvement of Australian States and Territories in Asia[14]

Reflecting the importance of the newly industrialised countries of Asia as purchasers of Australian exports, Australian States and the Northern Territory have developed policy and administrative machinery to increase the level of their involvement with these nations. These relationships are most apparent in the fields of trade, education and culture, the latter two particularly attracting political attention probably because they are areas where state governments have wide policy scope.

Export Facilitation

Not surprisingly, export trade to nations in Asia attracts the greatest attention from state governments. The importance of exports to Asian destinations simply reflects the national situation, with all states being heavily involved. Although NSW appears to be the state most oriented towards Asian buyers, with some 75 per cent of its merchandised exports going to Asian destinations, all states and the Northern Territory send around half of their exports there. For all of them, at least seven out of their ten largest export destinations are in Asia, with the preponderance of Asian trading partners increasing. Japan is generally the primary destination of exports. The states have also sought to have their capital cities chosen as the location of headquarters for multinational companies operating in the Asian region. NSW appears to have been particularly successful with this policy, with over 66 per cent of the 134 regional headquarters established in Australia being located in Sydney. Despite the comparative reduction in Australia's trade with the United States and Great Britain, over ninety per cent of these companies are American or British.

Most state governments have sought to promote their economic interest through the activities of dedicated offices in the state bureaucracy and through overseas trade posts. An exception to this process is the Northern Territory, which has a department (the Department of Asian Relations, Trade and Industry) solely concerned with developing relations with Asia. Reflecting its geographic position, Western Australia became the first state to open a trade office in India, in January 1996.

Bilateral Arrangements

A developing feature of the economic presence of state governments in Asia is the negotiating of bilateral agreements with provinces or regions. These tend to reflect the nature of each State's trading activities. The Northern Territory, concentrating on developing relations with its Southeast Asian neighbours, has agreements with the governments of Indonesia, the Philippines, and Brunei, and with the China Council for the Promotion of Trade, amongst others. An indicator of its activity is that it was invited to join the East ASEAN Growth Area, which includes Brunei, Indonesia, Malaysia and the Philippines, in 1994. Victoria has negotiated a Memorandum of Understanding with the Indonesian Minister of Research and Technology and the Ministry of Trade and Industry to open opportunities for exports of technological expertise.

A precursor of this process, and one now well established, has been 'twinning' arrangements of various sorts such as sister-state arrangements. NSW has sister-state relationships with the Tokyo Metropolitan Government and regional governments in Korea, China and Vietnam. Queensland has similar arrangements in Japan, China and Indonesia, Tasmania with Fujian province in China and Victoria with Jiangsu (China) and Aichi (Japan). Western Australia maintains links with Hyogo prefecture in Japan, East Java Province (Indonesia) and China's Zhejiang province. In an innovative move Queensland has established two 'region to region' relationships, involving local councils from far north and southeast Queensland with provinces in Taiwan.

The roles of these twinning arrangements may sometimes be nugatory but they are often useful mechanisms for promoting cultural and educational exchange between Australia and Asia. The NSW relationship with Tokyo has produced exchanges varying from athletes competing in long distance street races to research scientists from Sydney University and Tokyo Metropolitan University. The Western Australian arrangements have led to exchanges of personnel, representatives of chambers of commerce and teachers and students. The relationship with Zhejiang has been formalised under the Western Australia—Zhejiang Economic Exchange Committee which is pursuing the development of joint projects in building products, beef cattle, aquaculture, wool processing, environmental management and technology.

Cultural and Educational Exchanges

Cultural exchanges are promoted by state government support of events such as the Japan Festival in Sydney (and the corresponding Sydney Festival in Nagoya), the Arafura Games in Darwin and Asia Week in Queensland, as well as assistance for broader cultural events such as the Adelaide Festival of the Arts. Government supported museums and art galleries are more active nowadays in developing 'Asian' collections and often play a significant role in assisting similar institutions in Asia to develop technical skills.

The states are particularly active in educational exchanges with Asia, with a surprising number of formal agreements having been signed. The South Australian Department of Education and Children's Services has a Memorandum of Understanding with the Indonesian Ministry for Education and Culture facilitating cooperation in education. This covers the more traditional exchanges of personnel but also extends to promoting language courses, cooperation on curriculum development and exchanging relevant educational material. In 1995 the South Australian Multicultural Education Coordinating Committee recommended funding for over 145 school-based projects concerning the teaching of Asian languages. Queensland has educational agreements with regional governments in Central Java, Shanghai, Hubei and Saitama. Victoria has negotiated a number of Memorandums of Cooperation in Education and Training with regional governments in Indonesia, Thailand, the Philippines and Vietnam and a Cooperation in Language Teaching agreement with China. The relationship between Western Australia and Zhejiang has resulted in the joint production of text books and videos to educate children in both countries about their sister state.

The Issue of National Coordination

The states are increasing their individual efforts to improve the access of their industries to export markets. This, and the longer-term effects of cooperative education and training programs with regions in Asia, will ensure that state governments remain significant forces in the formation of Australia's relations with the Asian region. In this lies the potential to undermine the direction of national policy, either through a state adopting a contrary direction or through the effects of competition between individual states. The federal response was the establishment of the National Trade Strategy Consultative Process which aims to coordinate federal and State activities in trade promotion and negotiation. The practical development of such mechanisms should be an important tool in ensuring that State participation in the development of relations with Asia is a factor which strengthens the benefits accruing to the nation.

Investment Links

International investment (capital flows which cross national borders), takes two forms. Direct Foreign Investment (DFI) entails the establishment or purchase of a controlling share of the ownership of businesses by foreign interests. Portfolio and Other Foreign Investment (POFI) encompasses all other types of foreign investment, including lending/borrowing and non-controlling investments in businesses.[15]

Asian Investment in Australia

Japan has long been the third largest direct foreign investor in Australia, behind the United States and the United Kingdom. Singapore and Hong Kong are currently the ninth and tenth largest direct investors. Smaller holdings of direct investments are held by China, Taiwan and South Korea. These Asian investments have increased rapidly since the mid 1980s.[16]

In terms of POFI, Japan is again the third largest investor behind the United States and the United Kingdom, while Hong Kong is the fourth largest and Singapore is sixth. Again, the rate of growth has been rapid since the mid 1980s.[17] In recent years, Japanese investors have been attracted by the relatively high interest rates available on Treasury bonds and other fixed interest investments in Australia, especially compared to the historically low rates available in Japanese financial markets.[18]

Australian Investment in Asia

Perhaps surprisingly, Australian outward DFI in many Asian countries seems to have fallen, in absolute dollar terms, in recent years. This is particularly so in the case of Japan but is also true of Hong Kong, Singapore and Malaysia. This follows a longer term trend of a falling share of Australian outward DFI going into Asia since the mid 1980s. This contrasts with the rapid growth of Australian DFI to North America, Europe and New Zealand.[19]

On the other hand, outward Australian POFI has grown rapidly since the mid 1980s, to both Asia and other regions of the world. Japan is the third largest recipient of such investment, behind the United Kingdom and the United States.[20]

Explanations

The expansion in investment links with Asia seems to have been generated by a few central developments. First, the increase in Australia's current account deficit[21] since the early

1980s has generated a corresponding rise in foreign investment inflows needed to finance this deficit. Both inward DFI and inward POFI have risen because of this, and Asian countries have figured prominently in the supply of such finance.[22]

Second, the relaxation of Australia's controls on both inward and outward DFI have encouraged such direct investments. Controls on outward DFI have actually been very largely abolished as part of the deregulation of the finance sector in Australia. Controls on inward DFI in Australia have been pared back, especially over the last decade, in order to increase productivity, intensify domestic competitive pressures and reduce reliance upon foreign debt in the financing of the current account deficit.[23]

Relaxation of controls on both inward DFI and inward POFI by some Asian countries has also occurred.[24] As yet, these do not seem to have much encouraged outward Australian DFI to that region but are probably a major factor behind the growth in outward Australian POFI.

Third, investment links have been intensified by the rapid growth in trade and tourism between Australia and Asia. Some businesses have sought to buy or establish their own input supply operations in order to better 'customise' such inputs to the needs of final buyers.[25] As well, increasing exports have encouraged businesses to set up their own distribution and marketing operations in export markets in order to capture more of the profits generated by such sales. Growth in Asian overseas tourism has also generated an outward flow of Asian DFI as Asian businesses seek to put their superior knowledge of their own societies and customers to commercial use overseas.[26]

Fourth, many types of microeconomic reform and structural change have encouraged greater investment flows. Some Australian businesses in labour-intensive manufacturing have reacted to tariff reductions in Australia by relocating their operations to Asia in order to take advantage of the much lower labour costs on offer in some countries there.[27]

However, reductions in Australian DFI in some Asia countries are, from this perspective, somewhat mysterious. The fall in Australian DFI in Japan is probably largely related to the prolonged Japanese recession in the 1990s and associated pessimism about future market growth there, while disinvestment in Hong Kong is probably related to uncertainty about economic and commercial conditions there after its return to China in 1997.

On the other hand, the relative fall in Australian outward DFI into the ASEAN countries of Southeast Asia, and in some cases disinvestment, is much more difficult to explain and has been the subject of considerable study. This research has suggested that perceptions of long lags in achieving profitability, growing awareness of enduring cultural and linguistic barriers to doing business, disputes with joint venture partners, poor business infrastructure, continuing regulatory restrictions by host governments, and better commercial opportunities elsewhere have all had a negative effect.[28] These considerations also apply to direct investments in China and Vietnam.

However, rapid growth in Asia may, in the end, prove irresistible to Australian businesses. For example, there exists survey evidence that those Australian businesses which already have foreign operations expect to rapidly expand their Asian investments in the next few years, in order to take advantage of the expected rapid growth in demand there.[29]

Economic growth, structural change and rising wage levels in some Asia countries have also forced businesses there to move towards more skill-intensive and capital-intensive activities and production methods. Some Asian businesses seeking to 'move up-market' and upgrade their technology base have sought to take over technologically sophisticated Australian businesses to gain greater access to the latter's technical skills and markets.

Issues of Debate and Controversy

The broad expansion in Australia's investment links with the rest of the world has generated disquiet and protest by some sections of the Australian community. For example, increased levels of foreign ownership and control of Australian industry have been condemned by some as undermining both the economic prospects for future generations of Australians, and the national independence of Australia.[30] These critics conjure up images of a future in which Australians merely would be rather lowly workers in enterprises, with the economy controlled and largely managed from overseas headquarters.

An element of the concern of some has been that these foreign owners are no longer 'of European origin' (as in the case of British and American owners) but are increasingly from other regions such as Asia. Such antagonism could discourage future direct investment if potential Asian investors thought it might restrict likely profits due to consumer resistance to foreign owned ventures. For ventures oriented to export markets, such considerations would not be important unless Australian workers were expected to shun employment in such operations. This seems unlikely.

'Nationalist' concerns have been raised about rising levels of foreign debt and dependence upon international capital markets. However, the less visible nature of the identity of the foreign supplier of debt finance has meant that the sourcing of much of this capital inflow from Asia has not, in itself, generated much controversy or comment.

Almost all of Australia's foreign debt has been acquired by governments, banks and business enterprises, with households directly holding almost none of it. Thus, the latter have not been exposed to the spectre of foreign creditors, Asian or otherwise, demanding that their loans be properly serviced and repaid.

Outward Australian DFI also seems to have generated somewhat less criticism than inward DFI. This may be because of its smaller levels, its less visible 'offshore' nature, or perhaps because it does not intrude upon, or threaten, what many Australians think of as their own rightful heritage of owning and controlling businesses which operate on Australian soil. Indeed, those fearful of DFI within Australia could actually welcome outward DFI as a means of increasing Australia's influence on, and leverage over, recipient countries of such investments.

As well, the inflow of profits from such foreign investments have been welcomed by many shareholders of such companies. Prominent Australian companies such as BHP, ANZ Bank and the National Australia Bank now generate a substantial portion of their total profits from their foreign operations.

On the other hand, there have been some fears expressed in the past about the loss of jobs in labour-intensive manufacturing industries as a result of the relocation of some such businesses overseas, and especially to Asia. However, on the whole such complaints seem relatively rare today, and are, in any event, much more frequently made about Australia's tariff reductions and intensified import competition than relocation overseas itself.

As well, such complaints have had their impact weakened by both the limited extent of, and recent falls in, Australian DFI in Asia and, most importantly, the rapid growth in Australia's manufactured exports in recent years, both to Asia and to other regions of the world.

Asian Tourism in Context

Tourism represents one of the fast growing sectors of Australia's economic/trading engagement with Asia. The continuing economic prosperity of Asia, its rapidly rising living standards and the targeted marketing activities of the Australian Tourism Commission, have contributed to this region becoming Australia's largest international tourism market.

In 1995–96, total inbound visitor arrivals were 3.966 million, with Asia (including Japan) accounting for 2.017 million arrivals or nearly 51 per cent of the total. Key markets within the Asian region were as follows:

Country	Overseas Visitor Arrivals 1995–96[31] (thousands)
Japan	813
Singapore	218
Korea	196
Taiwan	158
Hong Kong	152
Indonesia	146
Malaysia	122

Total Australian export earnings from tourism amounted to some $13.1 billion in 1995–96. On a simple pro rata basis, this suggests earnings derived from Asian inbound tourism in the vicinity of $6.5 billion.

Major Sources of Asian Tourism

Although Japan remains Australia's most significant single tourism export market in absolute terms, the rate of growth of this market (at 9.6 per cent in 1995–96 over the preceding year) is somewhat lower than that of other significant Asian markets such as Korea (with a corresponding growth rate of 43.5 per cent) or Hong Kong (30.7 per cent). Other fast growing Asian source countries include China, India and the Philippines although these are growing from a comparatively smaller base. Overall Asian visitor arrivals in 1995–96 (excluding Japan) grew by a substantial 20.4 per cent which contrasts markedly with growth rates in our non-Asian markets such as Europe (1.2 per cent growth in 1995–96 over the preceding year) and the Americas (6.3 per cent growth).

Forecast Asian Tourism Levels

Looking to the future, Australia's Tourism Forecasting Council[32] predicts that overall visitor numbers to Australia will double within the next ten years with significant changes in the composition of the mix of inbound tourists. In particular, it is expected that more than 60 per cent of tourists will come from Asia (including Japan) by the year 2005 compared with around 50 per cent at present. Although Japan is expected to remain Australia's single biggest source market (the number of Japanese visitors is expected to double over the next decade), the most dynamic markets are expected to be those of Southeast and North East Asia. These markets currently account for 29 per cent of all visitors; this proportion is expected to grow to 43 per cent by the year 2005, representing an average growth rate of 13 per cent a year. Korea is forecast to remain a major growth market with over half a million Korean visitors forecast to arrive annually by the year 2005. The growing interest in backpacker, sports and cultural tourism as well as family holidays is expected to contribute significantly to this growth.

Marketing Australian Tourism in Asia

The marketing activities of the Australian Tourist Commission are targeted to meet the individual characteristics and differing degrees of market maturity of the Japanese and each of the other Asian markets. The ATC's strategies in relation to the Japanese market have been to focus on enhancing Australia's image as a fun and friendly holiday destination while addressing perceptions that the country lacks varied attractions and that tours are relatively expensive. In recent years, Australia has been the number one ranking as Japan's most preferred destination, ahead of Canada and Hawaii. In other Asian countries, ATC marketing has used the theme 'Australia—The Feeling is Magic' to successfully promote growth in Asian visitations, with submarket strategies emphasising, for example, Australia's appeal to 20–44 year olds as a destination offering modern, stylish cities and unspoilt nature.

Tourism Policy Issues

Visa requirements have been a long standing policy issue for the inbound tourism industry. Recent initiatives aim to simplify entry procedures for visitors from certain Asian countries to Australia, so enhancing this country's attractiveness as a tourist destination and as a place to do business. Earlier in 1996, Australia's Electronic Travel Authority (ETA) was introduced for travellers from Singapore (and the USA); under the ETA, visitors are pre-cleared for single or multiple journeys to Australia at the same time as booking the travellers' flights and other travel requirements. The ETA is linked to travel agency and airline ticketing and check-in systems. The ETA is now being extended to visitors to Australia from Japan.

Other moves to streamline entry requirements generally include the simplification of visa issuance procedures in a number of key Asian markets such as Korea, Hong Kong, Taiwan and Indonesia. In addition, a trial scheme known as the APEC Business Travel Card is to be introduced from early 1997, making it easier for Asian business people from the Philippines and South Korea to travel to Australia. It will provide the equivalent of visa free entry for frequent business travellers as well as streamlined processing at airports. More APEC countries are to consider introducing the scheme after the trial.

Policy moves by the Australian Government in the aviation policy arena have also supported the rapid growth in Asian tourism in recent times. The abandonment of the 'Single Designation Policy' whereby Qantas was the only designated Australian flag carrier for international scheduled passenger air services has enabled Ansett Australia to build up a growing presence on key Australia-Asian air routes. Australia's approach in its air service negotiations with other countries has helped develop a more competitive aviation market and has fostered an environment in which the aviation industry can respond quickly to market growth. New bilateral arrangements have enabled increased capacity to be provided on Australia-Asia air routes by non-Australian flag carriers as well as enabling Qantas and Ansett Australia to increase international service capacity to key tourism markets, particularly in Asia.

Tourism has an established profile within the deliberations of the APEC forum and Australia has participated actively in supporting the aims of the APEC Tourism Working Group (TWG) to foster tourism development in the region. Indeed, Australia has taken the lead in successfully proposing that an APEC TWG study be undertaken of the economic impact of tourism in the Asia Pacific region. Australia also successfully initiated an APEC study of the impediments to tourism development in the region; the aim of this project is to improve the efficiency of tourism trade and investment in the region.[33]

Factors Bearing on the Future of Asian Tourism to Australia

Major issues which could impact on the growth and sustainability of Australia's Asian tourism export markets include:

- the strength and durability of the 'Asian economic miracle',
- the degree to which Australia can maintain its competitiveness in the international tourism market by maintaining and enhancing the relative quality of our tourism product; growth in tourist numbers can itself reduce the appeal of the Australian tourism product if such growth

is not responded to wisely; tourism growth can actually expand the range and quality of our national tourist assets if managed effectively,

- the degree to which Australia can maintain its competitiveness in international tourism in the context of cost considerations, in particular, Australia's relative inflation performance and movements in the Australian dollar exchange rate,
- international trends in tourist product preferences and other lifestyle considerations,
- the impact of major one-off events, in particular the Sydney 2000 Olympics, in sustaining and promoting interest in Australia as a highly sought after tourist destination, and
- perceptions about the quality of the Australian tourism experience at the inter-personal level, in particular, perceptions about relative safety and crime incidence and the degree to which Australians are seen as open and welcoming or as 'racist' and unfriendly to Asians.

This latter issue has received somewhat sensationalist attention in some Australian media circles in recent months arising out of renewed public and Parliamentary debate about Australian migration policy and the desirability of continued Asian immigration in particular. While there have been reports of groups of potential inbound Asian tourists being 'put off' by the racism and immigration debates and claims of 'abuse to Asians' incidents, it is too early to say whether the Australian tourism industry has sustained any significant, long term damage from the debate.

Probably a more significant immediate area for concern is the rapid appreciation of the Australian dollar over recent times; a sustained, long term strengthening of the A$ against the major Asian currencies could have a significant dampening effect on the attractiveness of Australia as a sought after destination for the tourists of Asia. Present indications suggest a continuing appreciation of the Australian dollar over the medium term, implying that the Australian tourist industry will face more difficult challenges in the years ahead in maintaining inbound tourism growth rates.

Information Technology and Telecommunications

Australia's innovative industries could reap considerable benefits in the Asian region, especially in the information technology and telecommunications (IT&T) sector. Asian infrastructure investments offer large opportunities to Australia's IT&T industries during this decade. Booming economies combined with shortages of telecommunications facilities, make the Asian region the best place in the world for Australia to provide high technology equipment and related services. As an English speaking nation that lies in relative proximity to Asia and its time zones, Australia is in a good position to enter Asian markets, especially if supported by appropriate multilateral and bilateral policies and business network strategies. However, it remains important for Federal Government support programs to adopt a united and consistent regional approach. The IT&T sector accounts for about 20 per cent of global and Australian trade, offering much opportunity as we enter the 'Information Age'.

Early joint initiatives and demonstration programs in science and technology have led the way but stronger bilateral and multilateral ties could lift Australia's performance. Campaigns are underway to promote Australia regionally as a research-driven, innovative nation that is well suited to participate in the huge infrastructure projects now in progress throughout Asia. Australia has promoted Asian interest in advanced telecommunications applications through various S&T programs conducted by the CSIRO and the Australian Agency for International Development (AusAID). Bilateral agreements have also provided promotional opportunities while regional organisations also offer opportunities for joint projects. The Market Australia campaign aims to develop a research-driven, image-shifting program to improve international perception of our innovative S&T.

Australia's IT&T Industry

In 1995, Australia's IT&T market was worth around A$34 billion, with about A$18 billion of sales for information technology (IT) companies alone. After Japan, Australia has the second largest IT&T market share in the Asia-Pacific region. Australia currently exports around A$1.5 billion in IT&T products and services annually, although it also imports six times as much equipment in A$5.3 billion of computer systems and about A$3.2 billion in telecommunications hardware. So IT&T remains as a trade deficit sector here, as in most OECD nations. Around forty major multinational IT&T corporations operate in Australia along with over fifty major and many smaller indigenous local companies serving market niches. They employ about 160 000 people in some 7500 companies. The industry is extremely competitive, with research and development at six per cent of turnover, but it still relies upon imports of technical equipment. As information and communications (including telecommunications and radiocommunications) technologies converge, some industry growth in multimedia and online services will occur. Such examples of Australian IT&T industry activity in Asia are many and varied, and our exports reached A$860 million in 1993.

There are many recent Australian IT&T success stories in Asia. Australia's ERG Ltd has arranged for the supply of smartcards and 5000 cardreaders for Hong Kong. MM Cables has won contracts to supply A$40 million of fibre optic cable to Xinjiang in western China along with A$12 million of advanced transmission equipment from Siemens Australia. JNA Telecommunications has won A$7.5 million in contracts to provide data networks for Thailand. Telstra has been very active in the region, although with mixed success. Good opportunities also exist for increased exports by Australia's audiovisual industries extending beyond current forms of film and television programs to products made directly for Asian region markets. Current media industry developments in Asia pose competitive challenges to Australia's creative infrastructure, but we can still provide multimedia products, training, consulting support, program sales and offshore production.

Asian IT&T Markets

Asia provides a complete spectrum of opportunities for IT&T competition and development, but already has a well-developed electronics sector. Trend analysis suggests that gross national product per capita will grow faster for the Asian economies than for OECD nations, with a significant growth in telecommunications revenue. Market-share estimates suggest that the six economies, of Australia, China, India, Korea, Taiwan and Thailand, will have a combined telecommunications revenue in excess of US$197 billion, in 1991 prices, by the year 2010, compared to US$39 billion now. The accumulated export potential for Australian suppliers over the period 1994 to 2010 should amount to US$163 billion, which is about equal to the domestic market. Northeast Asia accounts for the largest share of 60 per cent, and Southeast Asia some 27 per cent of this market potential for our telecommunications products.

Expenditure on IT in the Asia-Pacific region grew from US$73.9 billion in 1989 to US$77.8 billion in 1993. Japan accounts for US$60 billion (77 per cent) of the total in 1993, Australia, China, Korea and Taiwan, in order, taking the other main market shares. While larger computer system sales will decline, personal computer (PC) hardware should grow steadily at around six per cent annually. Between 1989 and 1993, sales of packaged software had steady growth that should continue, driven by a high penetration of PCs and server systems. In 1993, sales of hardware in the region were 58 per cent of total IT revenue, software 12 per cent and professional support services about 30 per cent. Even though our output will increase, Australia's share of the Asia-Pacific IT market is forecast to decline to the fourth largest by 2000. Appendix E shows Asian IT&T markets and exports and imports, to indicate the breakdown of the industry's size by country and market type. In November 1996, at the Asia-Pacific Economic Cooperation forum, regional leaders endorsed a United States initiative to remove all tariffs in the IT&T sector by the year 2000, with allowances for some developing nations.

Despite such deregulatory actions, the Internet will not necessarily have an easy entry into Asia, as inadequate infrastructure and wary governments (for instance, Singapore's decision to control website providers and allow only approved home pages) further hamper its expansion. Although growing quickly, Asian Net usage lags behind overseas trends. Some Asian companies have bold plans and tests underway to build interactive multimedia networks for video-on-demand and cable services. Media reports of a recent survey suggests that the cable market in 21 Asia Pacific nations could reach 93 million households by 2000, up from around 53 million in 1993. No doubt, such systems will build upon the existing wide expertise available from Asian IT&T manufacturers and service operators, through technology transfer linkages and regional development initiatives.

New Asian satellite systems offer a plethora of services to the region including Australia, merely requiring individuals or organisations to arrange suitable ground receiving equipment. By 2005, Asia-Pacific satellite operators could service 200 million households in a US$60 billion market. In the future, such services may extend to personal mobile telecommunications, in order to bypass local systems. As the region joins the information superhighway, issues arise of industry and regulatory policy and information content, plus consumer choice and protection. Asian nations must agree on appropriate technical standards and infrastructure costs before our industry can readily participate in the market.

Outlook

Australia's IT&T industry has had some early notable successes in the Asian region, particularly in China, India and Indonesia. However, it will need to search out more market opportunities in the Southeast Asian region, especially in cooperation with Thailand and Vietnam if it is to sustain its position. In the long term, half a dozen global corporations will probably survive to dominate the computer and digital telecommunications switching markets, given the high development costs in providing the range of products involved. With such a high level of multinational investment in Asia, Australian companies must seek out alliances there. This makes the need for our companies to seek Asian niche market cooperation more urgent but does not lessen the importance of continued stable trade arrangements and favourable perceptions of Australian companies in Asia.

While East Asia produces advanced communications technology, the use and integration of this technology lags behind that found in Western societies. In fact, from one point of view it can be argued that the emergence of the Asia Pacific Century does not link well with the 'Information Age'. The new technologies will have a great effect on Asian cultural values, whether introduced by the local market or acquired by its populace as a result of global trends. IT&T technologies tend to empower individuals and undermine authority while also challenging security. How Asians will use them in the new age ahead and the resulting effects remains to be seen.

Defence

Background

Australia has long recognised the importance of the areas to its north, northeast and northwest to the maintenance of its essential security. In the Cold War period Australia fought in the Korean War, put troops into then British Malaya to help fight the communist Emergency (late forties–early fifties), and into newly-formed Malaysia to help oppose the *konfrontasi* of Indonesia's then President Sukarno (early sixties). And of course Australia was a participant (1964–72) in the war in Vietnam. All of these activities were presented as being designed to contain or eliminate potential threats to Australia's security.

But in more recent times the emphasis of Australia's regional defence relations has shifted from *containment,* where the region was seen primarily as a source of potential or actual threats which needed to be managed, to one of *engagement.* Under engagement the region is seen more as an area of opportunity, particularly for active defence relations with nearer neighbours. Underlying this policy is the assumption that if Australia's region is secure in military-strategic terms, then so is Australia. Therefore it is considered important that Australia make, and be seen to be making, a positive contribution to regional security via engagement. In practical terms this translates to substantial military exercise activity, backed up as appropriate with agreements and regular consultative processes.

In addition to the major activities discussed below, there is also some small-scale exercise activity with Thailand and Brunei. Australia also exercises occasionally with the British (eg, NORTHERN STAR/SOUTHERN CROSS 95—Australian and UK Army), and of course with its principal ally, the United States. Beyond these activities, however, the main focus of Australian security policy is now with several in the Asia-Pacific region.

FPDA Activities with Singapore and Malaysia

The Five Power Defence Arrangements (FPDA) were originally negotiated in 1971 as a response to the British decision to withdraw the bulk of their 'east of Suez' forces. The 'Five Powers' were Australia, Britain, Malaysia, New Zealand, and Singapore. At the time of signing, memories of Sukarnoist Indonesia and *konfrontasi* against Malaysia were still fresh and there was uncertainty as to whether the Suharto regime would be internationally responsible and, indeed, stable in the longer run. As a result there was for many years a certain ambivalence in Jakarta about FPDA.

In 1994 the partners created the FPDA Consultative Council—superseding two separate bodies, one for air activities and another for land and sea activities—to better integrate and coordinate FPDA exercising and consultative procedures.

Australia has certain regular deployments and a limited permanent presence under FPDA. RAAF *Orion* Long Range Maritime Patrol Aircraft fly regularly from the Butterworth base in Malaysia to conduct maritime surveillance operations. F/A-18 aircraft deploy on a regular basis for exercises. The Army has a company at Butterworth on a three month rotation and RAAF has a support unit at Butterworth for the *Orions.*

The FPDA runs the Integrated Air Defence System (IADS) which supports the air defence of Singapore and Malaysia. An Australian commands the IADS structure, if only because neither Singapore nor Malaysia would necessarily wish the other to hold this position.

The key element of FPDA activity is the exercising of defence capabilities. This was previously done through a regular series of discreet maritime, air and land exercises. However, reflecting creation of the FPDA Consultative Council, from 1995 FPDA exercises have become *joint* as well as *combined.* ('Joint' exercises involve more than one service—eg, a Navy and Air Force; 'combined' exercises involve more than one country.)

The STARFISH series involve the FPDA navies and has grown in importance. In 1981, the first STARFISH exercise mustered less than 20 ships; STARFISH 94, by contrast, involved 29 ships (including 3 RAN FFGs and a UK nuclear attack submarine) and 34 aircraft. STARFISH will now be integrated into the new joint and combined series, as will exercise SUMAN WARRIOR (for land forces) and the ADEX series (air defence). Australia has been a regular participant in both these series. Exercise ADEX 96–2 involved 10 RAAF F/A-18s, four F–111s, a C-130 and (reflecting the newly joint nature of FPDA activity) an Army *Rapier surface-to-air missile* unit and a missile frigate (FFG).

The integration of hitherto separate exercises implies no reduction of commitment; on the contrary, it is rather a recognition of the need to exercise military skills in a modern tri-Service context.

Bilateral activities with Singapore

Bilateral cooperation with Singapore has been increasing over recent years. Lacking land space, Singapore has gladly accepted the opportunity to use the Queensland Shoalwater Bay exercise area for land force exercises. Its usage is on a user-pays basis and suits both countries very well. The two Armies also conduct combined exercises at Shoalwater.

Singapore has participated in the annual PITCH BLACK air exercises held in the Northern Territory. In August 1996 it joined the RAAF and USAF for the latest PITCH BLACK activity. It was also a participant, with many others, in the large-scale Exercise KANGAROO 95.

Exercise SINGAROO 95, conducted in the South China Sea, involved an RAN Destroyer Escort (HMAS *Swan)*, two missile frigates *(Brisbane, Darwin)*, the submarine *Onslow* and a RAAF *Orion* detachment and several Singapore navy small craft plus an E-2C *Hawkeye* and six A-4 *Skyhawks*.

Singapore is using facilities at RAAF Base Pearce (WA) for its trainer aircraft activities under an agreement signed in 1993. The agreement stipulated that by late 1995 Singapore should have awarded maintenance contracts for its S211 trainer aircraft to Australian firms. There have been suggestions (denied by Singapore) from the WA State Government that Singapore is evading this provision by awarding contracts to Australian subsidiaries of Singapore-controlled firms.

Talks have been held this year about Singapore basing 12 *Super Puma* helicopters and about 250 personnel at the Army Aviation Centre at Oakey in Queensland. Presumably this would be on a 'user-pays' basis and may involve maintenance payments by Singapore.

More Singaporean activities may be shifted to Australia because Singapore is under pressure from China to cease military activities it has conducted on Taiwan. An advanced jet trainer station, involving 20 aircraft and 700 personnel (including dependents) is reportedly under consideration.

Bilateral activities with Malaysia

Australia and Malaysia have a formalised defence consultative structure under which a great deal of mutual activity is managed. This ranges from exercises through to Australian participation in bids for Malaysian defence contracts such as the Offshore Patrol Vessel (OPV), for which Transfield is a short-listed contender.

It is noteworthy that the defence relationship has successfully withstood the difficulties (over the ABC *Embassy* program and over APEC versus Malaysia's 'East Asia Economic Caucus') which have sometimes complicated bilateral relations.

Exercise activity with Malaysia outside the FPDA framework is still relatively limited, but the HARINGAROO series of ground force exercises is an important element. This series exercises the rifle company deployed to Butterworth under FPDA with elements of the Malaysian Army, to improve inter-operability.

Malaysia was a participant in KANGAROO 95.

Bilateral activities with Indonesia

The conclusion of a Security Agreement with Indonesia in December 1995 is the most recent development in bilateral defence relations with Indonesia. Never before has Jakarta signed such an agreement with any country. Thus this Agreement represents a significant foreign policy gesture by Jakarta. Its signature finally lays to rest Indonesian misgivings about the anti-Indonesian genesis of FPDA, noted above. This Agreement imposes no military obligations on either side: it is not a Treaty of NATO type, but rather an expression of a deepening security relationship with our most important northern neighbour. The issue of East Timor has been carefully decoupled from this relationship by both sides and, in Australia, by both major political parties.

The AUSINA series of naval exercises with Indonesia continues to develop. AUSINA 94-95 consisted of two exercises in the Java Sea practising basic maritime tactics and procedures. Indonesia is allocating more significant forces to this series as it realises the value of the activity. AUSINA 94–95 PATROLEX consisted of two exercises related to maritime surveillance and patrol procedures. In future it will be known as CASUEX.

Indonesian ground and naval forces participated in KANGAROO 95, but the presence of Indonesian ground forces in Australia (especially the controversial Indonesian KOPASSUS Special Forces units) continues to be politically difficult because of the Timor problem and may be deterring the expansion of combined ground force activities in this country. Nevertheless, there was actually a small pre-K95 'familiarisation' exercise at Shoalwater Bay in March last year, and Exercise NIGHT KOMODO/NIGHT KOOKABURRA 95 was a reciprocal activity with Special Air Services troops going to Indonesia and Indonesian Special Forces coming to Western Australia. While there they practised counter-terrorist techniques (anti-aircraft hijack procedures) and conducted a parachute drop.

For air activity, there has been Exercise ELANG AUSINDO, which involved RAAF and Indonesian Air Force elements practising dissimilar air combat tactics in Indonesia. Exercise RAJAWALI AUSINDO exercised tactical troop transport capabilities, also in Indonesia.

Conclusions on defence

The extensive (and still growing) list of co-operative military activity with regional actors gives substance to the rhetoric of regional engagement. There is a 'win-win' approach in that Australia is seen to be acting positively to support regional security, and its regional partners receive the benefits of operating with an advanced military force. It is noteworthy that in the last decade the defence component of Australia's occasionally prickly bilateral relationships with regional states like Malaysia and Indonesia has survived untouched. This suggests that the several actors involved have achieved a new level of sophistication in their relationships.

This has come to pass because governments have put into practice the old adage that politics is the art of the possible. Realistic goals have been set, and met, where unrealistic expectations would have produced disappointment and, perhaps, disengagement. Australia does not expect regional states to come its defence should serious threats arise; for their part, it is understood that Australia does not propose (and lacks the power) to become a military guarantor. But at the practical level of partnership and cooperation, the policy of engagement does support the proposition that if our region is secure, and we help it to be so, then Australia's security likewise benefits.

Endnotes

1. In 1919 the United States, United Kingdom and Australia, because of their own internal or colonial policies, opposed a call by Japan for a policy of non-discrimination to be included in the Covenant of the League of Nations, see Antonio Cassesse, *Human Rights in a Changing World*, Cambridge, Blackwell, 1990. pp.16-21. See also Yi Ding, 'Opposing Interference in Other Countries' Internal Affairs Through Human Rights', *Beijing Review*, 6-12 November 1989. pp.10–12.
2. ABS statistics.
3. Department of Immigration and *DIMA Australia's Population Trends and Prospects*, and Siew-Ean Khoo and Charles Price *Understanding Australia's Ethnic Composition*, DIMA, (forthcoming), Multicultural Affairs fact sheets and statistical publications.
4. DIMA *Australia's Population Trends and Prospects*, and Siew-Ean Khoo and Charles Price, *Understanding Australia's Ethnic Composition*, DIMA, forthcoming.
5. Hugo, G. *Understanding Where Immigrants Live*, BIMPR, Canberra, AGPS 1995.
6. See Williams L. & Murphy J., 'Unemployment Rate Among Recently Arrive Immigrants: data from the first wave of the Longitudinal Survey of Migrants to Australia' in DIMA, *Immigration Update*, December Quarter 1995.
7. See especially AGB McNair Poll (a telephone poll of a nationwide sample of 2063 people aged 18 and over) of 14–16 June 1995.
8. Department of Foreign Affairs and Trade, Annual Report 1995–96, p. 49.
9. For an overview see Frank Frost, *The United States and East Asia*, Parliamentary Research Service, Research Paper No 18 1995–96, 21 December 1995.
10. ibid., p. 50.
11. Bureau of Immigration, Multicultural and Population Research, *The Labour Market Effects of Overseas Students*, Canberra 1994, p. xiii.
12. ibid., p. 104.

13. ibid., p. 90.

14. Information in this section drawn from Greg Chaikin and Deborah McNamara, 'State government activity in Asia', in Russell Trood and Deborah McNamara, *The Asia-Australia Survey 1996–97*, Melbourne 1996. The authors state that the research on many aspects of the connections between the Australian states and Asia is at an initial stage and has yet to be thorougly tested.

15. This simple twofold classification is used by the Australian Bureau of Statistics in their publications on foreign investment, *Balance of Payments and International Investment Position, Australia* (5363.0).

16. For example, the level of Japanese DFI increased at an average annual rate of 25 per cent between 1983–84 and 1992–93 and at 30 June 1995 it stood at A$18.7 billion, or 14 per cent of total DFI in Australia: Bureau of Industry Economics, *Foreign Direct Investment in APEC: A Survey of the Issues,* Report 95/21, Canberra, Australian Government Publishing Service, November 1995: Table 4.2, and Australian Bureau of Statistics, *Balance of Payments and International Investment Position, Australia, 1994–95* (5363.0): Table 53.

17. Australian Bureau of Statistics, *Balance of Payments and International Investment Position, Australia 1994–95* (5363.0): Table 53.

18. Walsh, Max, 'Why Our Bonds are Great Cavity-Fillers', *Sydney Morning Herald*, 26 November 1996. A major purchase of non-controlling shares by Brunei in Macquarie Bank has also just been announced: Roger Hogan, 'Macquarie's Sultan can Swing Things', *Australian Financial Review*, 27 November 1996.

19. Australian DFI in Japan, always quite small, seems to have been almost wiped out: Australian Bureau of Statistics, *Balance of Payments and International Investment Position, Australia 1994–95* (5363.0): Table 54.

20. ibid., Table 54.

21. This is the excess of import payments, income payments and one-off payments to foreigners over export receipts, income receipts and one-off receipts from foreigners.

22. This source of rising foreign investment levels in Australia has been highlighted, in a critical fashion, by commentators such as former Governor of the Reserve Bank of Australia, Bernie Fraser, 'Australia in Hock ?', *Reserve Bank of Australia Bulletin*, December 1995, pp. 6–8.

23. Phil Hanratty, *Inward Direct Foreign Investment in Australia: Policy Controls and Economic Outcomes*, Parliament of Australia, Parliamentary Research Service, Research Paper no. 32, 21 May 1996, pp. 17–19.

24. Industry Commission, *Implications for Australia of Firms Locating Offshore,* Draft Report, Canberra, Australian Government Publishing Service, June 1996, p. 249.

25. This is clear in the case of Asian direct investments in Australian agricultural and food processing industries.

26. This is clear in the case of Asian direct investments in those Australian tourist and accommodation facilities which are popular with Asians visiting Australia.

27. Bureau of Industry Economics, *Investment Abroad by Australian Companies: Issues and Implications*, Report 95/19, Canberra, Australian Government Publishing Service, October 1995, pp. 20–81.

28. Ibid., pp. 24–26.

29. Bureau of Industry Economics, *Foreign Direct Investment in APEC: A Survey of the Issues*, Report 95–21, Canberra, Australian Government Publishing Service, November 1995, p. 32.

30. Michelle Grattan, 'Not Rocking the Foreign Boat', *Australian Financial Review*, 1 October 1996. See also the arguments discussed in: Phil Hanratty, *Inward Direct Foreign Investment in Australia: Policy Controls and Economic Outcomes*, Parliament of Australia, Parliamentary Research Service, Research Paper no. 32, 21 May 1996, p. 1517.

31. Australian Tourist Commission, Annual Report, 1995–96, p. 36.

32. Australian Tourist Commission, Annual Report, 1995–96, p. 9.

33. Department of Industry, Science and Tourism, Annual Report, 1995–96, Chapter 7.

Appendix A

Table 1: Asia-born resident population: Top 10 source countries, 1995

Birthplace	Total Population	% of Overseas-born
Vietnam	146 600	3.6
China	92 700	2.2
Philippines	91 800	2.2
Malaysia	91 500	2.2
Hong Kong	91 300	2.2
India	79 000	1.9
Sri Lanka	46 700	1.1
Indonesia	42 200	1.0
Singapore	36 400	0.9
Japan	25 300	0.6

Source: ABS

Table 2: Proportion of net permanent gain from NE, SE & S Asia, 1990–91 to 1995–96

Year	%
1990-91	65.3
1991-92	66.5
1992-93	62.7
1993-94	59.4
1994-95	48.7
1995-96	51.6

Source: *Immigration Update* DIMA June Quarter 1966 & 1996

Table 3: Distribution of population between major urban, other urban and rural areas by twenty largest birthplace groups, 1991.

		Percentage		
Birthplace	**Major urban**	**Other urban**	**Rural**	**Total number**
Australia	57.6	25.5	16.9	12 725 163
China	93.7	4.4	1.9	78 866
Hong Kong	93.3	5.0	1.7	58 984
India	87.7	8.1	4.2	61 606
Malaysia	89.5	7.1	3.4	72 611
Philippines	83.0	12.1	4.9	73 660
Vietnam	97.6	1.3	1.0	122 347

Source: ABS 1991 Census

Appendix B

Top 15 AusAID Projects in ASEAN countries, 1992–93 - 1994–95

Project	Country	Company	Value ($m)
PNG Police Phase II	PNG	ACIL Aust Pty	77.6
Provincial Water Supplies	Vietnam	Kinhill/ACIL Montgomery Watson Australia	34.2
Mekong River Bridge Construction	Laos/Thailand	John Holland Constructions	30.5
NTB Environmental Sanitation and Water Supply	Indonesia	Kinhill/ACIL/IDSS	25.6
Bah Bolon Project	Indonesia	Rural Management International	25.5
Eastern Universities Project	Indonesia	WD Scott International	25.1
Flores Water Supply and Sanitation	Indonesia	GRM International	22.3
Pollution Control BAPEDAL Project	Indonesia	Scott and Furphy	22.0
Agricultural Technology Project	Philippines	GRM International	21.8
Land Administration	Indonesia	Land Administration Systems Australia	21.8
Technical/Vocational Education Part A	Indonesia	IDEA	16.8
Technical/Vocational Education Part B	Philippines	SAGRIC International	16.5
Second Polytechnic Project	Indonesia	SAGRIC International	14.0
Highland and Social Development - Phase II	Thailand	AACM International	13.7
TOTAL			**368.4**

Note: These projects were awarded under Australia's bilateral aid program and did not receive any DIFF/EFIC subsidies.

Sources: AusAID, *Business Participation in AusAid's Aid Programs 1994-95*, August 1995.
AIDAB, Business Participation in AIDAB's Aid Programs 1993-94, September 1994.
AIDAB, Business Participation in AIDAB's Bilateral Aid Programs, 1993.

Appendix C

Higher Education Students by Field of Study for the Major Asian Source Countries (percentage of students in each field of study)

Field of Study	Hong Kong (per cent)	Malaysia (per cent)	Singapore (per cent)	Indonesia (per cent)	South Korea (per cent)
Architecture and Building	2.8	3.8	2.4	3.0	2.0
Arts, Humanities	6.1	3.9	12.2	9.2	28.8
Business, Economics, Administration	50.2	56.3	59.5	56.8	49.0
Education	0.9	0.5	0.9	1.7	1.2
Engineering, Surveying	7.7	12.8	6.6	11.9	3.6
Health, Community Services	10.1	10.5	6.3	1.8	5.1
Law, Legal Studies	0.3	3.3	0.4	0.5	0.1
Science	21.1	8.5	11.3	12.2	8.0
Total*	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Total may not add to 100 per cent due to the omission of non-specific and non-award studies and some minor fields.

Source: DEET, *Overseas Student Statistics 1995*, p. 50–54..

Appendix D

Trends in Australia's Trade with its Asian Trading Partners

Country	Exports 1993–94 Total $A m.	Exports 1993–94 % growth 1992–3 to 1993–4	Exports 1993–94 Trend Growth (%) 1984–5 to 1993–4	Imports 1993–94 Total $A m.	Imports 1993–94 % growth 1992–3 to 1993–4	Imports 1993–94 Trend Growth (%) 1984–5 to 1993–4
China	287	6.3	21.1	335	3.4	13.2
Hong Kong	813	9.9	19.0	840	4.0	5.5
Japan	3 241	3.5	20.2	1 494	10.3	6.1
Rep. of Korea	462	48.6	41.3	278	13.5	24.6
Taiwan	489	26.0	38.4	211	6.6	25.4
Indonesia	608	19.2	17.1	526	1.9	14.7
Malaysia	649	17.1	13.2	505	8.6	12.4
Philippines	157	8.3	8.1	154	-1.3	8.6
Singapore	1 037	17.8	18.1	914	-6.5	9.8
Thailand	334	20.6	16.4	336	0.6	13.0
Total	**8 077**			**5 593**		

Australian Merchandise Trade With Asia, 1995

Country	Exports ($A'000)	Imports ($A'000)	Trade Balance ($A'000)
Brunei	64,800	21,820	42,980
Indonesia	2,388,760	1,343,845	1,044,914
Malaysia	2,221,934	1,563,265	658,669
Philippines	999,074	231,871	767,203
Singapore	3,828,040	2,502,669	1,325,371
Thailand	1,735,761	1,014,492	721,269
Vietnam	188,038	286,834	-98,797
Laos	28,365	147	28218
Cambodia	20,541	477	20,824
Burma	12,645	6,511	6,134
India	1,103,552	553,370	550,181
Pakistan	192,551	124,815	67,736
Sri Lanka	112,983	51,837	61,146
Bangladesh	121,004	27,222	93,782
China	3,124,497	3,861,602	-737,105
Hong Kong	2,877,545	1,015,805	1,861,741
Taiwan	3,295,285	2,580,652	714,633
Rep.of Korea	6,053,335	2,256,733	3,796,601
DPRK	130	1,030	-900
Japan	16,556,681	11,970,824	4,585,857
Total Asia	**44,925,521**	**29,415,821**	**15,510,457**
Total Trade	**71,590,000**	**77,479,000**	**-5,889,000**

Sources: 'Composition of Trade Australia 1995', Trade Analysis Branch, Department of Foreign Affairs and Trade, May 1995 and Statistical Services Section, Trade Analysis Branch, Department of Foreign Affairs and Trade.

Appendix E

Table 1: Asian Information Technology and Telecommunications markets, exports and imports

Country/ Territory	Telecom Equipment 1993 (US$m)	Computer Equipment 1993 (US$m)	Software Output 1993 (US$m)	IT&T Exports 1992 (US$m)	IT&T Imports 1992 (US$m)
Australia	3000	3450	1006	921	3818
China	2100	1000	200	2483	4332
Hong Kong	2871	1447	380	9786	8615
India	1560	1085	322	1151	1435
Indonesia	1000	350	200	367	1023
Japan	16710	45000	38000	48205	8404
South Korea	2483	2704	1126	5428	3112
Malaysia	2900	1560	225	4493	3103
New Zealand	165	370	130	95	664
Philippines	728	230	n.a.	n.a.	n.a.
Singapore	2990	2200	337	15853	8602
Taiwan	1570	4950	355	n.a.	n.a.
Thailand	990	1700	185	3884	2679

Table 2: Asian Information Technology and Telecommunications equipment markets in 1993

Country/	Telecommunications:			Computers & Peripherals:		
Territory	Total (US$m)	Imports (US$m)	Type (main)	Total (US$m)	Imports (US$m)	Type (main)
Australia	3000	795	mobile, modems, switches, PABX, mobile data.	3450	2655	parts, peripherals.
China	2100	600	switches, PABX.	1000	850	PC's, workstns.
Hong Kong	2871	1880	mobile data	1447	. 3790	parts, peripherals.
India	1560	325	switches, transm	1085	325	computers, data.
Indonesia	1000	875	switches, transm.	350	135	parts, peripherals.
Japan	16710	1450	radiocom., sats.	45000	4000	PC's, workstations.
South Korea	2483	863	PABX, datacomm.	2704	1632	all computers.
Malaysia	2900	2060	mobile, switches.	1560	1290	all computers.
New Zealand	165	150	mobile, faxes.	370	370	peripherals, parts.
Philippines	728	682	phones, mobile.	230	230	peripherals, parts.
Singapore	2990	4295	phones, parts.	2200	740	all computers.
Taiwan	1570	915	phones, faxes.	4950	2080	all computers.
Thailand	990	880	antennae, radios.	1700	1458	all computers.

Sources US&FCS 1995.