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**La Place de l'Australie dans la Zone
Asie-Pacifique :**

("Australia's place within the Asia-Pacific area")

par

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- **Abstract**

With now one century on its own, and over two centuries first as a British colony, Australia now stands at a turning point of its history, it should no longer be a remote country, pessimistic about its future, but become part of the world's most dynamic and most promising region: The **Asia-Pacific area***.

This new deal, though there is nothing really new in it, also means Australia is now in a very specific situation where it must **find its way*** politically into local regional trade blocks, such as the **APEC***, and keep its **pro-active*** positions on the international political scene along with the US and the UK.

The same also applies to economics, as Australia is now shifting from a commodities and resource based economy to a more opened, competitive and diversified **export based*** one, with -a point which should not be overlooked- fair amounts of success in recent years (beyond comparison with most OECD countries).

Those changes imply their own lot of questions and controversies, but in spite of what could be interpreted as hesitations or reluctance, Australia is actually facing a bright future in which it should no longer be the small contender in respect with its main economic partners.

Key Words*: Asia-Pacific area, find its way, APEC, pro-active, export based.

• Résumé

Avec désormais un siècle d'histoire en tant que nation, et plus de deux-cent ans en tant qu'ancienne colonie Britannique, l'Australie se trouve aujourd'hui devant l'un des tournants historiques de son histoire, où elle ne saurait davantage représenter ce pays isolé et pessimiste quant à son futur, au sein de la région la plus dynamique et la plus prometteuse du monde : la **zone Asie-Pacifique***.

Cette nouvelle donne, quoiqu'elle ne présente rien de nouveau ou d'inattendu, signifie cependant que l'Australie se retrouve désormais dans une situation où elle doit **s'intégrer*** politiquement parmi les blocs économiques de la région, tel que l'**APEC***, tout en conservant sa politique **pro-active*** sur la scène politique internationale aux côtés des USA et du Royaume-Uni.

Il en va de même pour l'économie Australienne qui passe désormais d'une économie basée sur les matières premières et autres ressources naturelles, à une économie **basée sur les exports***, à la fois plus ouverte, plus compétitive et plus polyvalente, et avec - il faut le souligner - une certaine réussite rencontrée ces dernières années (au delà de ce qu'ont pu connaître la plupart des pays de l'OCDE).

Ces changements impliquent leur propre lot d'interrogations et de controverses, cependant, en dépit de ce qui pourrait être interprété comme des hésitations ou de la réticence de sa part, l'Australie fait face à un avenir sinon radieux, du moins prometteur, et qui devrait lui valoir de ne plus être considérée comme un partenaire économique de second rang dans la région ainsi que dans le reste du monde.

Mots-Clés* : zone Asie-Pacifique, s'intégrer, APEC, pro-active, basée sur les exports.

• Table

Acknowledgment	I
Abstract / Résumé	II
Table	IV
• Introduction	page 2
• 1 - Internal factors	page 6
a - From a historical point of view	page 6
b - From a political point of view	page 12
• 2 - External factors	page 18
a- From an economic point of view	page 18
b- From a geopolitical point of view	page 39
• Conclusion	page 41
- Australia's future within the region	
• Appendix	page 45



“Rude awakening from dreams of western supremacy”

The Australian, July 24th 1995.

La Place de l'Australie dans la Zone Asie-Pacifique :
 (“Australia's place within the Asia-Pacific area”) 

“Although these regions are quite far away from those where trade is realized these days, no one could predict which role will be given to discoveries made this century in centuries to come”

● James Cook, 1772

September 2002.

- **Introduction**

From “*Terra Australis Incognita*”, through “*the antipodes*” to “*Down Under*” and a whole lot of qualifiers which all show how far and isolated Australia is from the rest of the world, this country, along with New-Zealand, has always and still occupies a special place in our imagination.

The continent itself, Oceania, is the least densely populated and the most isolated, with Australia and New Zealand being at the bottom end of the planet as well as the last discovered lands ever.

The same parallel can be drawn within the country whose population barely reaches 20 million inhabitants these days, most of them living in the eastern and southern east part of the “continent”, and whose total area amounts to about fourteen times that of France and thirty times that of the United-Kingdom.

Australia has cities, Perth for one, which are among the most isolated in the world and yet it never really faced problems some cities in other countries have faced in history.

Therefore, this very question of place both for the country and its inhabitants has always been the crux of the Australian development first as a geographical territory and then as a nation because of various, and for most of it hostile, landscapes and because of its geographical position, really down south, 14 hours away by plane from the shores of California, 16 hours from Japan and 30 hours from Europe.

It is thus not surprising to find it further echoed throughout Australian history since this country built itself from a convicts colony, has known a gold rush, and then prosperity which step by step all contributed to make Australia, along with Sweden, considered as a social model of egalitarianism in the 1960's/1970's.

Moreover, the Victorian novelist Samuel Butler's anagram: “*Erewhon*” (for “*Nowhere*”) where he vividly described an opposite universe when talking about late 19th century New-Zealand would perfectly suit the image most of us still have about New-Zealand and Australia both of a social model (though many might actually ignore it) and of a “negative” projection of our world in the photographic sense of the word (Hollywood and mass tourism hopefully changed it).

Nowadays Australia is facing over new challenges which are those of economic globalization and regional integration.

The latter really is Australia's biggest challenge in decades as the country is now right in the middle of a new worldwide economic and geopolitical power redistribution.

The rise of regional trade blocks within the Asia-Pacific area and the apparently slowly vanishing influence of the mother country (i.e. the United Kingdom) as well as of the rest of Europe, and to a lesser extent of the United States which is to play a major role in this region, seem likely either to contribute to isolating Australia or to redefine its place by reorienting its foreign policy as well as a new set of economic alliances towards south east Asia.

The creation of worldwide regional trade blocks such as the APEC, which accounted for about three quarters of the value of Australia's total exports in the year 2000, or the ASEAN which has never accepted Australia as a member ever since its creation in 1967, also show the importance of south east Asia on the one hand, and Australia's relative isolation on the other hand.

This isolation may become all the more problematic as the last ties Australia has with the United Kingdom -around three quarters of Australians are of "Anglo-Celtic" origins and the country is part of the Commonwealth, with Queen Elizabeth 2 as official Head of State- the United States, and the rest of Europe, clearly show Australia's identity as a western country to the eyes of Asian countries.

Looked at from that point of view, Australia, along with New Zealand, really is the exception in the region so far as cultural, social, religious and political aspects are concerned.

Therefore, the question of Australia's place within the Asia-Pacific area really encompasses all those factors proving its strengths and weaknesses, and delineating its actual role now and in the years or decades to come as a respected and trustworthy worldwide economic partner.

To achieve this and bridge the cultural and geographical gaps with its new Asian economic counterparts, Australia may rely first on its experience as a recent and isolated country, but also on its multiethnic population, with large Asian communities, its growing importance as a cultural and academic center within the region, and of course on its economic weight as the 5th economic power of the region, the 14th in the world and the 5th for growth competitiveness, all this thanks to a well managed economy with strong economic fundamentals.

New economic frontiers are now moving towards south east Asia, with the rise of the “Four Dragons”, more recently the rise of the “Five tigers”, and of course the rise of the Chinese economy which some say will become the first in the world in the 20 or 30 years to come.

Then it goes without saying that with such growth potentials within a region and the trade blocks Australia is now part of, this country may take advantage of what used to be its worst handicap, that is its geographic position right in the middle of the southern Pacific area.

Thus, the point of this study will be to assess Australia's place within the Asia-Pacific area as an economic partner, as well as a political power, but also to try to determine Australia's future within the region as a corollary of what will have been aforementioned.

- We will first focus on what we will call internal factors to refer to the historical and political evolution of Australia (until now) both as a nation of its own and as what some might consider as the last rampart of western civilization in a region dominated by Asian cultures and which Australia is now trying to integrate.

- We will then tackle what we will call external factors to refer to the economic and geopolitical evolution of Australia by assessing its resources/strengths and weaknesses and weight Australia's influence within the region as a whole, within the main regional trade blocks Australia is part of, as well as among its close sphere of influence: “Australiasia”.

All along these two main parts we will also try to point out the contradictions whatever their nature: economic, political, cultural..., Australia has developed throughout its history to explore one question: “*Australia's place within the Asia-Pacific area*” which should not be simply construed as a rhetorical one.

Indeed, the fact that the question pops-up very often in newspapers, television, or on political debates in Australia at the moment also draws attention to the huge amounts of money which can be at stake so far as business is concerned.

As a matter of fact Australia shall not rely on what it has always done until recent years in terms of economic exchanges with its neighbor countries, but rather really jump on the band wagon, so to speak, and become one of the economic leaders of the region along with Japan, China, and South Korea, but at the same time also take up the challenge of keeping its pro active positions on the political scene.

This will inevitably lead to an internal debate as to which of the two, between business or politics, should be given priority in the region in order to avoid irritating Australia's new friends...

The heritage of the past, as a western country and former European colony, the still very present influence of the UK and United States both politically and culturally, as well as the recent stance Australia took, including military interventions, in *Australiasia* may spell further unfriendly relations with Asian countries, especially with China, Indonesia and Malaysia.

Australia's relatively negative image, whether justified or not, in those countries combined with a new rise of Asian nationalism and growing protests all around the world against economic globalization, are extra difficulties Australia will have to overcome in order to consolidate its economic prosperity and to harbour good relationships with neighbouring countries in the future.

- **1 - Internal factors**

- a - From a historical point of view (from the “P.O.M” colony to the Y2K Olympics).**

First discovered in the 17th century by the Dutch navigator Abel Tasman, and then further explored by Captain James Cook over one century later, Australia along with New Zealand are two of the last discovered lands ever in the history of mankind.

After Captain Cook gave his first reports of the Eastern coastline of Australia, it was decided that in future, convicts (“Prisoners Of her Majesty”) who would normally have been sent to North America would now be shipped to Australia in order to form a colony at Botany Bay (Sydney).

In mid January 1788, Captain Arthur Phillip arrived in Botany Bay with eleven ships, 250 marines along with their families and 759 convicts who were sent there to fulfill their punishment for crimes committed in the United Kingdom.

Soon after arriving at Botany Bay, Captain Phillip (another very important figure in Australian history) decided a better location for a colony which would be at Port Jackson, a short distance to the North.

And so on January 26th 1788 he hoisted up the British Flag at the new settlement on the shores of Sydney Cove, close to where the Sydney Opera House now stands.

Convicts who were transported to New South Wales (as the new colony had become known) were sentenced to either seven or fourteen years with a view to completing their imprisonment and then to remain in the colony as private free citizens.

By 1792, the settlement became more or less safe and ruled by law. In fact it had begun to prosper in its own way with the Sydney settlement henceforth covering an area of three acres which included a number of brick cottages for Officers, Government House, storehouses, a hospital and a number of convict huts.

The Officers of the New South Wales Corps (as they were called by that time) were allocated two acres each for cultivation purposes.

Soon after, came the second settlement of Parramatta (now inhabited by large Asian communities from China, Viet-Nam, Cambodia) which was and in fact still is located to the West and included the establishment of a village, almost one hundred Officers' cottages, convict huts and numerous other buildings along with Government estate of 100 acres

and private cultivations of a further 400 acres. The two settlements of Sydney and Parramatta were then joined by a well-used track with frequent traffic between them.

The progress so far had not been easy with hundreds more convicts arriving on the Second and Third Fleets in 1790 and 1791, many had been ill prepared and were in poor health, unsuited to the hardships of the new colony life. Of course there were ongoing disputes between the settlers and the Aboriginal inhabitants although many settlers employed the Aborigines and had cordial relations, but many others did not. Somehow, those premises already announced problems and conflicts between the natives (as was the case in America) and the European settlers.

By 1805, the expanse of the colony had spread considerably in all directions; the population both by way of new arrivals and births had grown to approximately 6,000 settlers.

The actual standard of living became relatively high with trading now established between New South Wales and India and China. In addition to the New South Wales settlements, there were also established colonies at Norfolk Island, and Launceston and Hobart in Tasmania.

During the period 1810 to 1821 in which Lachlan Macquarie (one more important figure in Australian history) was Governor, there was an extensive building program during which 265 major building projects were completed.

Among these buildings were the Hyde Park Barracks, Government House Parramatta, St James Church, St Johns Church and South Head Lighthouse.

Macquarie also established the townships of Castlereagh, Richmond, Wilberforce, Pitt Town and Windsor although he was publicly criticised for what some saw as his extravagant use of public expenditures. However it was thanks to these public projects that the population grew to around 30,000 people in New South Wales and some 7,000 people in Tasmania by the end of his term in 1821.

Macquarie was also responsible for extending the "tickets-of-leave" for convicts, which had been instituted by his predecessor. He also gave convicts conditional pardons and free pardons as well as appointing some of their members to civil positions.

Thanks to a very strong opposition to convict transportation both within the colonies and in England, the practice of transportation of convicts to New South Wales ceased in 1840 and to Tasmania in 1853. In all a total of 165,000 convicts were transported in Australia.

Settlement of the interior of the Country was quick thanks to the production of fine wool being a catalyst as well as the availability of virgin land.

In fact there was quite a large market in England by this time for what was considered as the finest wool being produced on earth. The foundation for this primary industry was laid by John Macarthur who began cross breeding English sheep with Spanish Merino rams to produce wool finer than that ever seen in the UK or anywhere else. Wool is still one of Australia's main exports overseas now.

Over a period of time, there were many inland exploration trips, which were encouraged by the Government. Some of these expeditions were led by Hamilton Hume and William Hovell who traveled south over the Great Divide (see Australia on the *Oceania Map*, p.48) to eventually reach Port Phillip Bay in 1824 which later became the major settlement of Melbourne, in 1827. Allan Cunningham (another explorer) proceeded north through the New England tablelands to the Darling Downs, Charles Stuart traced the major river system of the Murray Darling from 1828-1830 and Thomas Mitchell proceeded to the far West of New South Wales and Northern Victoria from 1831 to 1836. By this time, most of the east and south east of Australia had been explored by those pioneers.

The Gold Rush.

Early statements from these explorers were an invitation for further settlement through the continuing policy of land grants. The knowledge of such expansive and fertile lands and their apparent ease of access soon reached England and there was then a continuing stream of migrants looking for a new start in a new land.

But a new and more exciting (and potentially volatile) aspect of life in the colonies was the discovery of gold, initially at Bathurst in New South Wales and soon after at Ballarat and Bendigo in Victoria in 1851.

Of course this discovery rapidly brought the predictable rush of immigrants in the hope of a *lucky strike*, many of whom had come from the fields of the Californian Gold Rush. There were many Chinese, some of whom sought the riches of the gold themselves but many others sought business opportunities to service the sharply growing population on the fields.

Of course with the huge rewards on offer for gold, there were other minerals which were found, such as copper, tin and silver with a whole new mining industry being created.

As we shall see in our second part, this industry still represents the core of the Australian commodities industry. In the early 1900, Australia became the richest per capita country in the world. With such immigration, the population of New South Wales grew rapidly to 350,000 and that of Victoria to 540,000 as most of the successful gold fields of the time were located in Victoria.

The Australian Government

In 1855, the Imperial British Government granted responsible Government to New South Wales, Victoria and Tasmania with other States following in later years. Along with self determination through Government also came full Lower House elections with women who gained full voting rights in various stages until the final date of 1899 (long before most European countries). By the end of the 19th century, all of the colonies had compulsory primary education with State Universities being established in Sydney in 1849, Melbourne in 1853 and Adelaide in 1890. On the spur of the early Australian governments, Australia managed to become the cultural and educational magnet it is today in the region.

Australia's Land Sales

With the constant increase in population and the ever increasing need for land, an Act of Parliament allowed what was called the "*Selection Act*" which permitted the sale of Crown land in lots smaller than previously allowed for the larger pastoral leases. Of course such a change affected the settlement of the more outlying regions thus fostering additional growth of Primary Industry but also the rapid growth of the wheat industry in Australia.

As *pastoralists* progressed into these regions, a new industry developed, that of beef cattle breeding. At first, this industry struggled, as a consequence of lack of capital, drought, disease and lack of access to markets (already a problem at the time).

However, as the gold discoveries and *Selection acts* brought more people into the interior of the country, as railways were built, and as from 1879 the new technique of refrigeration was developed, the market problems diminished.

By the end of the century, drovers were bringing hundreds of thousands of animals along thousands of kilometers of stock routes to the railheads or directly to the capital cities, and meatworks were exporting thousands of tons of frozen beef.

The late nineteenth century also saw the growth of the Queensland sugar industry and, with railways and refrigeration, of dairy products all around the Australian continent.

There were important developments in communications in Australia in mid nineteenth century. Regular steamship services started between Sydney and Newcastle in the late 1830's, and between Sydney and Melbourne and Sydney and Brisbane (Queensland) in 1843.

By the late 1860's, all the major ports were linked, and there were services to and from Europe. In 1875, a service was opened between Sydney and San Francisco (USA).

Municipalities and colonial governments extended road and bridge-building programs.

By the 1850's, there were regular mail services in all the colonies, The American Freeman Cobb introduced the 'Concord' coach to Victoria in 1854, and by the 1870's Cobb & Co. serviced 11,000 kilometers of routes stretching from South Australia to the Gulf of Carpentaria, harnessing up to 6,000 horses per day.

Railway lines were first laid in the 1850's and 1860's, and steam services began.

In 1869, Sydney was linked by rail to Goulburn, and Melbourne to Wodonga in 1873.

The Goulburn line was extended to Albury in 1881 and by the 1880's, all colonies had at least a small rail network.

In the various colonies and between them, there was also an extensive telegraph network.

On October 29th 1858, the first telegraph message passed from Sydney through Melbourne to Adelaide, a cable was laid across Bass Strait in 1859, Sydney was linked to Brisbane in 1861, Brisbane to Townsville in 1869, and Adelaide to Perth in 1877.

In 1872, the completion of the line from Adelaide to Darwin joined Australia to the world, via the Singapore cable, and by the end of the 1880's, Australians were sending millions of telegrams each year.

Although it may appear as an anecdotal as regards our subject, the cumulative effect of all these developments was to reduce Australian distance as never before. For example, it had become possible to travel from Sydney to Melbourne in eighteen hours, and from Sydney to London via the United States in about forty days. Australia was thus opening itself to the outside world.

Urban Development

In the latter part of the 19th Century, there was a substantial growth of Australian Cities necessitated by the population growth. At that time, overseas trade was thriving with major ports being established at Sydney, Melbourne, Geelong, Hobart, Adelaide and Perth from where primary industry sent their goods of wheat, wool and minerals to Europe and already to Asia.

Early in the twentieth century, the 1880's and 1890's came to be seen as the periods when the incipient nation at last found an authentic, Australian voice and character.

With their skills, freedom and independence, their "*mateship*" and egalitarianism, the 'overlanders' who drove cattle and sheep over thousands of kilometers, and the shearers who began the season in Queensland sheds in the middle of the year, working their way down through New South Wales to finish in Western Victoria in October, seemed to epitomize the

image of the real, true Australian.

Accordingly, Australians came to consider that the best Australian literature and art was the one which evoked bush life - the short stories of Henry Lawson, for example, the poems of 'Banjo' Paterson, the paintings of Tom Roberts and Arthur Streeton.

The upholding of the male bush worker image as the true Australian was important in the emergent nationalism of the late nineteenth century as it was also for the American image of the western pioneers, both of which are inherited from the utopian tradition of people like Thomas Moore. People who advocated this idea of a better world, founded upon the principles of harmony and liberty, away from the discords of the old world.

After the Second World War, immigration, although still restricted, recorded a terrific influx of migrants especially from European countries which had been directly involved in the war. Hence the wide variety of customs, attitudes and backgrounds which make Australia one of the most multicultural countries in the world today along with Canada and the United States. Rugby, cricket, tennis, athletics and especially the 1956 Olympic Games in Melbourne - put Australia more closely in touch with the larger world. And with increased prosperity, young Australians began to travel abroad which their parents had not done before them.

With the recent and very successful Year 2000 Sydney Olympic Games being held in Sydney, there is now a wider understanding and higher expectation of sporting achievements within Australia.

All these elements mean that Australian society is gradually becoming less attached to its British past, more diverse, and more interested in the neighbouring region.

As Australia enters the twenty-first century (with a population of c.19,700,000), it proves to be a diverse nation made up of peoples of many different ethnic backgrounds, races and religions, one surprisingly tolerant of diversity that continues to enjoy a good standard of living.

As well as remembering its historical links with Europe, Australia is now finding a place in Asia and Oceania with the expansion of its tertiary education sector which is preparing people for more complex employment.

Displayed and performed in a new generation of galleries, concert halls and theatres, and a host of private venues, its flourishing art, music, dance and literature amply demonstrate its vibrancy and cultural influence throughout the region and the rest of the world.

b - From a political point of view (from Australian federation to the current situation: social, demographic, etc)

The Australian Federation

Thanks to the spread and democratisation of responsible government and with the emergence of a better-educated population and one, moreover, brought increasingly together by modern communications and a sense of Australian identity, the idea that the colonies' problems might require common solutions has gained ground. From mid-19th century, there have been suggestions that the colonies should federate and in the 1880's politicians started considering these suggestions with renewed vigor.

In the 1880's, at a conference on the leveling of customs duties, the New South Wales politician Henry Parkes suggested that a Federal council should be established, which it was formally in 1885. While this body could not enact legislation, it represented the beginning of Australia-wide debates. In the late 1850's, the need for some coherence in defense also highlighted the issue.

In October 1889, in a public speech at Tenterfield, Henry Parkes argued for the creation of a two house federal parliament, to deal with National matters, and suggested that a constitutional convention should be set up. The colonial premiers widely agreed to this in 1890, and the first convention met in Sydney in 1891.

In 1897-8, a second convention drafted a national constitution, which was then, though not without considerable opposition, ratified by each of the colonies. The Imperial Parliament in Britain passed the Commonwealth of Australia Act in 1900, and the new nation came into being on January 1st 1901, the first year of the new century.

Australia's Federal Parliament

With a population of 4 million inhabitants, the inauguration of the Commonwealth of Australia took place in Sydney's Centennial Park on January 1st 1901. The first election for Federal Parliament was held at the end of March 1901, and the newly elected members sat for the first time in the Exhibition Building, Melbourne on May 9th (where Federal Parliament continued to meet until the opening of the first Parliament House in Canberra in 1927). Edmund Barton was the first Australian Prime Minister in history.

In the next years and decades, the Parliaments of the Commonwealth (of Australia) and the States continued to address issues that had emerged in the last decades of the nineteenth century, as well as, of course, others raised by the building of the nation.

In 1902 a Conciliation and Arbitration Court was set up, which in 1907 established the principle of a 'basic' wage for Australian workers. An old age pension for those who did not own their own homes and who had no income was legislated in 1908. In 1911, the Commonwealth took control of the Northern Territory.

From 1902 onwards, adult women were able to vote in federal elections; and they were also granted right to vote in New South Wales in 1902, Tasmania in 1903, Queensland in 1905 and Victoria in 1908. Queensland founded a state university in 1909, Western Australia in 1912. The first Federal governments pursued two policies whose influence was to last well into the twentieth century. Tariffs between 15% and 25% were levied on imported goods and manufactures, and immigration was restricted.

The colonial Queensland government had banned the use of Chinese and Melanesian labourers in the cane fields in the early 1890's, and now the Commonwealth government continued this 'White Australia' policy, enacting a requirement according to which would-be immigrants had to be able to pass a fifty-word dictation test in a 'prescribed' (i.e. European) language.

Australia exhibited a number of conflicting characteristics in its early years. Its social welfare and industrial programs were among the most enlightened in the world, while its immigration and protectionist policies were deeply conservative.

World war 1

Young Australian men who had volunteered to further Britain's military causes before 1901, in Sudan (1885) and in South Africa (1899-1902) volunteered again in 1914, and went to fight in World War I. But they fought in the newly formed all Australian army - the Australian Imperial Force - the AIF.

For much of the twentieth century, the public held that the infant Nation had received its 'baptism of blood' on the beaches of Gallipoli (Turkey) in 1915, and again in the battlefields of France in 1916-18.

The question of conscripting young Australian men to serve overseas for Britain's cause deeply divided Australia during World War I, with Prime Minister William Hughes losing two referenda on the issue, and with it bringing into the open the old English/Irish, Protestant/Catholic antagonism that had festered since early convict days and reemerged recently on some other topics (as we should see later on).

The 1920's were generally good years for Australia. Manufacturing and primary production expanded, and wages rose. An immigration program brought hundreds of thousands of people from Britain, which, together with a high birth rate, saw the population increase from 5.4 million in 1921 to 6.4 million in 1930.

The Commonwealth Government laid the foundations of a stronger Australian navy and an air force.

Qantas Airways (today's largest Australian airline company) began its first flights in western Queensland in 1922. Dance halls proliferated, radio broadcasting became widespread, cinemas opened.

The Federal Parliament moved to the new city of Canberra (1927), purpose-built to be the administrative center of the Nation, and hence the most carefully planned of all Australian cities.

World War 2

On September 1st 1939, Britain declared war on Germany and as a consequence of Australia's very close ties with Britain, two days later Australia's Prime Minister of the day, Robert Menzies announced Australia would join Britain and also declared war on Germany, part of the Prime Minister's speech went as follows:

'Fellow Australians, it is my melancholy duty to inform you officially that, in consequence of persistence by Germany in her invasion of Poland, Great Britain has declared war upon her, and that as a result, Australia is also at war.'

Australia's small existing armed forces were mobilised, and plans to increase them significantly developed. By late 1940, three Australian infantry divisions were fighting Italians and Germans in the deserts of northwest Africa, and in Greece and Crete. In this, Australia was following a now well established pattern of supporting Britain around the world as needed.

However, the entry of Japan into the war in December 1941 (with the Pearl Harbor attack in Hawaii, not that far from Australia) brought about a radically new situation which has had tremendous repercussions on how Australia defined itself in the region.

With the prospect of an invasion looming, the new Labor Prime Minister John Curtin insisted, against British Prime Minister Winston Churchill's wishes, on the return of the Australian troops. Curtin did so in full knowledge of the historical importance of his stance.

Things went badly for Australia and its allies in Asia and the Pacific in 1942. The Japanese captured Singapore, and advanced through the Dutch East Indies (now Indonesia), Melanesia and New Guinea towards Australia. Many Australian servicemen and servicewomen were killed or captured. On the Australian mainland, Darwin and Broome (up north) were bombed, and there even was a midget submarine attack in Sydney Harbour.

In the middle of 1942, the American General Douglas MacArthur was made Supreme Allied Commander in the Southwest Pacific having escaped from the Philippines and reached Australia, which then became the springboard for fighting the Japanese, since more than 100,000 Americans arrived and Australia increased its war efforts.

After a large Japanese fleet was defeated in the Coral Sea in May 1942, the tide began to turn for the Allies, with Australian and American forces slowly pushing the Japanese out of New Guinea and the Melanesian islands, then up the Pacific.

Because of the seriousness of the threat to Australia, conscription for overseas service in a specific Pacific area was introduced by the Curtin Government without all the objections that had surrounded the conscription issue in World War I.

Then, as we all know the war in the Pacific ended shortly after the dropping of atomic bombs on Hiroshima and Nagasaki in August 1945.

As for most Allied countries, the World War II years were difficult ones. In Australia itself, there was food and petrol rationing. There was also much social dislocation, because of the absence of large numbers of young men overseas, the arrival of tens of thousands of Americans, and the often unjust treatment of Australian citizens of Italian and German origin (who arrived in large numbers during the post WW2 years).

Some of these difficulties continued in the years immediately following the war, with food and other goods still in short supply, and with massive labour unrest, which culminated in the New South Wales coal strike of 1949, when Labour Prime Minister Ben Chifley called in the armed forces to maintain essential services.

The Sir Robert Menzies years

Leading the Liberal Party, whose formation he had overseen in 1944, Robert Menzies became Prime Minister in 1949, and set about the task of post-war reconstruction. The 1949 election inaugurated a period of combined Liberal-Country Party Governments that lasted until 1972.

The 1950's saw the continuation of high tariff protection and the "*White Australia*" policy, and with renewed exports of wheat, wool, frozen meats and minerals, and an expanding manufacturing base, for example, in steel works, ship building and automobile industry, the nation became prosperous again.

Sir Robert Menzies remained Prime Minister until 1966, and while he himself was conservative, and committed Australian troops to fighting in Vietnam along with the US, he nonetheless helped usher in a new era, for example, by overseeing the introduction of television and decimal currency and other measures, and by understanding the need to find new markets in the face of the restrictions imposed on imports by the European Economic Community (EEC) which the United Kingdom joined in 1973.

Sir Robert Menzies also had a keen sense of the general value of education, and during his time secondary and technical education expanded, a large number of new universities were created - developments that further increased the role of the Commonwealth government in the country and somehow helped spread out this image of Australia as a model of egalitarianism.

Recent and current situation

Thus, with only one century of history of its own (though as we have said before close links with the UK still remain), Australia gradually moved towards its integration among south east Asian nations and the *Pacific Rim*.

As we shall see in our second part, this U-turn in foreign policy also triggered new strategies and revived old quarrels between domestic political parties.

In that way, the ancient struggle between Irish and English convicts, so far as religion and politics are concerned, dates back to the 19th century when some people first claimed political independence and the setting of a sovereign republic.

With the creation of the Australian republican movement in 1991, this debate surfaced once again under the spur of the Labour prime minister Paul Keating (of Irish origins) who incited Australians to make a "*politically and socially mature*" choice by putting an end to the last official links with the United Kingdom (*Foreign Affairs Fact Sheet*, may 1994).

In response to this, the Conservatives with John Howard (PM since 1996) tried to convince people (who were quite divided upon the question) to reject the idea.

The referendum which took place in November 1999, gave a short majority (55% vs. 45%) against the creation of a republic and thus not only reaffirmed Australia's attachment to the mother country but it also underlined a political discord which actually goes beyond the bonds of political parties (Labour vs. Conservative).

As a matter of fact a new set of controversies are currently popping-up in the news and stirring up the political debate between conservatives, labour and democrats upon topics such as the case of political refugees (Australia keeps the world record for political refugees per inhabitants), a possible intervention in Iraq along with the US & the UK, or even more recently about Australia's intervention along with the US during the Viet-Nam war.

It goes without saying that those controversies before the eyes of the world, or at least of south east Asian countries, may have impacts on Australia's foreign policy within the region in so far as many of those countries probably do not share Australia's views or the UK's or the US's on such topics.

Indeed the ANZUS (a military cooperation treaty between Australia, New Zealand -though New Zealand left it- and the US) and the last links with Europe, as we shall see in our second part, may turn out to be a ticklish situation not only for foreign policy but also for domestic policy if such clashes do happen on every foreign policy issue.

Moreover Australia's immigration policy actually followed the same U-turn as its foreign policy and reflects this complete change as regards relations and integration of non European communities in Australia.

The progressive change in immigration policies from the "White Australia" policy through the "cultural assimilation", the "integration policy", to today's "multicultural policy" (or "cultural pluralism" as it was first implemented in Canada in the early 1970's) clearly bespeaks changing attitudes on the part of Australia towards its near and far neighbours.

More generally speaking, Australia has changed radically in the past two decades by slowly giving up the policy of welfare state, or parts of it, for the sake of economic globalisation and its integration towards south east Asian nations and the *Pacific Rim*, with some encouraging results so far...

- **2 - External factors**

- a- From an economic point of view**

For most people it often comes as a surprise to learn that Australia's economy ranks 14th in the world, 5th in the Asia-Pacific area, and 5th for growth competitiveness, with a market share which is the 13th largest in the world and with a total market capitalisation of A\$ 900 billion.

The fact is not only that Australia is one of the top fifteen economies in the world, but that it has also performed quite well in the past few years, while some of the other major economies were more or less going into recession or into low growth business cycles.

So Australia, with a GDP which is more than the combined GDP of Malaysia, Singapore and Hong Kong, is now strategically positioned to find access to the growing Asian markets which comprise about half of the world's population and attract about 47 % of global trade.

With a growth rate which averaged 4.3% for the 1996/2000 period (against 2.9% for the rest of OECD countries and outperforming all other key economies, including the US, Japan, Germany and the UK), low inflation (0.9% for the same period), and an unemployment rate which edged down in July 2002 to 6.2 % (down from 8.6% in 1996, and with employment growth forecasted to resume its long run growth rate in the first half of 2002), Australia is now internationally recognised as a well managed economy with strong economic fundamentals.

This should be no surprise, though, in an era of economic and social instability, to find Australia offering international investors a safe haven in the Asia Pacific Region thanks to its solid and stable system of government, secure social environment and strong economic growth which consistently provides investors with predictable and solid returns for their investments.

Those economic achievements caused Australia's recent economic performances to be described as "*remarkable*" by the OECD's "Economic Survey of Australia 2001" and by "The Global Competitiveness Report 2001" released by the World Economic Forum, which both contrasted Australia's improvements in competitiveness to most of Australia's Asia-Pacific neighbours namely Singapore, Hong Kong and Japan, all slipping in the rankings.

The report also found that a decade of economic reforms has improved Australia's ability to weather the global downturn which is now hitting most economies, and which struck south east Asia in 1997-1998, including close neighbour countries such as Indonesia, with each time little, or at least much less than predicted, effects over the Australian economy.

Thus, while the global economy led by the United States went into serious decline, at the same time the Australian economy continued to grow at 4.1%, "*basically defying gravity*" (to quote Mark Vaile, MP), all this knowing that Australia's major trading partners (including the US) were expected to grow by less than 1% in 2001.

For 2002, Australia is projected to lead the developed world with a very strong growth forecast of 3.8 % ,while the same forecasts for the same year are only mildly more promising, with the US growth at 2.1%, Europe at 1.3% and Japan worsening to contract by 1.1%.

So far as Governmental action and macroeconomics are concerned, the key factors to explain such a success are :

- A cheap Australian Dollar (worth US 53c dollar on August 10th 2002 - now floating like the USD, though not necessarily in the same direction) which helped exports, the 9th largest foreign exchange market in the world and the Australian dollar which is the 7th most traded currency in the world.

Moreover for Terry McCrann, journalist at "The Australian", so as for many people from governmental agencies or from the Reserve Bank of Australia, "*If the Australian dollar stays cheap, the best really is yet to come*".

- This monetary tool, added to a set of reforms implemented in the 1990's - though it was claimed that Australia might not statistically have had the world's fastest growing economy- certainly led to prosperity, somewhat more surely than in America; it is now evident that Australian companies, far from growing lazy through those "easy money" days (the 1990's), actually - and somewhat surprisingly - used the reforms to become lean and globally competitive.

Among these reforms we may notice :

- A new tax system, with the introduction of a 10 % nationwide VAT, which has led to significant reductions in business costs, especially for exporters. For example, the corporate tax rate has been cut from 36 to 30 % in recent years, one of the lowest in the OECD. This new tax system also added a critical dimension to the reform framework, lowering business costs, improving international competitiveness and introducing changes to encourage greater investment in venture capital.

- The restraining of Government spending and reduction of public sector debt as A\$ 60 billion of debt were paid back in recent years, and which now sees Australia with one of the lowest debt-to-GDP ratios in the OECD (2002 Trade Outcomes and Objectives Statement speech, Mark Vaile, Minister of foreign trade).
- The deregulation of some sectors of the economy such as the financial, air transport, electricity and telecommunications sectors, which has further increased Australia's competitiveness.
- Reforms in workplace relations which are leading to a more flexible and adaptable labour market, reinforcing confidence in the quality and reliability of supply for Australian export products.
- Rising new industries, especially high added value ones, such as the ITC (internet & telecommunications), the Agribusiness, Tourism (with the effects of the Sydney 2000 Olympic games) and transportations (under the effects of deregulations and strategic alliances), and of course access to new markets throughout the world and in the Asia Pacific area (as we shall see later on).

To go on with the good shape of the *Aussie* corporate sector, we may just state that the great majority of Australian companies, big and small, are lean, focused, and competitive with the best in the world. In particular, with all due respect to the most recent performances, we can point out that they are now *"gold-medal competitive at Olympic, not just Commonwealth, levels"* (i.e. Commonwealth Games - Terry McCrann, The Australian).

This extra competitiveness, as we shall see later on, not only relies on traditional industries but also on the ITC sector in which Australia made an unprecedented breakthrough in recent years. In its report, *"Is There a New Economy"* (released in June 2000), the OECD identified Australia as one of only six of its 29 members to have significantly lifted the trend of real per capita growth through the 1990's by reaping the benefits of the new economy. As a result, Australia was characterised as a "new economy" in this report. This competitive edge now also shows up in other industries.

Resources / Strengths and Weaknesses sector by sector

Primary products and natural resources

As we have seen in our part dealing with the building of the Australian nation, agriculture has always occupied a major place in Australia.

Agriculture still represents 3.5 % of the working population today in Australia, that is (though relatively low compared to other sectors) far superior to that of the US, UK, or other countries such as France where agricultural traditions are still strong.

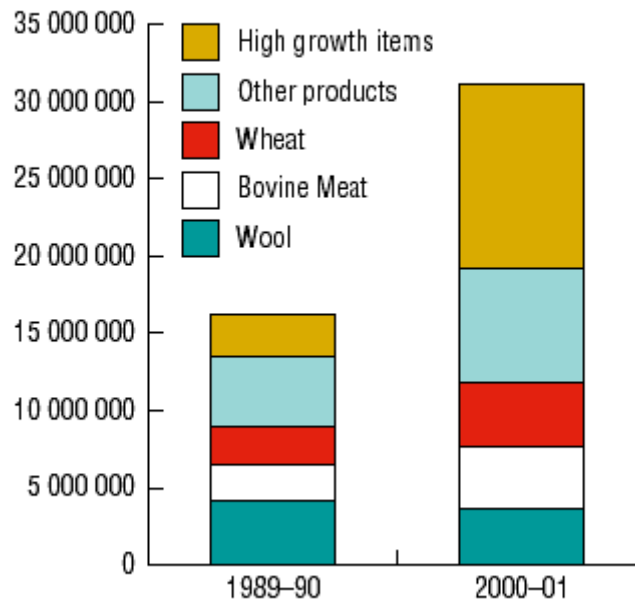
Australia is one of the leading global suppliers of quality food and agricultural products with an agribusiness sector which has long had a strong export focus, around 70 % of the total production is sold to export markets, topping a value of A\$ 31 billion for the years 2000-01 (financial year to June 30th).

Over the years though, the composition of Australian agricultural exports has changed, the top three export products: wheat, beef and wool amounted to 55 % of the total value of agricultural exports whereas in 2000–01, their combined share had fallen to 38% (i.e. graphic below).

This downsurge in the *big three's* (meat, beef, and wool as we have seen in our first part) relative contribution to the sector's performance has been matched by an upsurge in a diverse and dynamic group of '*high-growth*' items, which increased their share of rural exports from 17 % in 1989–90 to 38 % in 2000-01 (Austrade, "Australia's agribusiness trade"). Cotton, wine, dairy products, meat (other than beef and veal), seafood, oilseeds, rice, and fruit and vegetables are now among these fast-growing Australian agricultural exports.

Australian exporters have responded to consumer demand in export markets thus adding extra added value to their products. For example:

- Lobster exporters send their product whole to Asia while the United States market prefers just the tails.
- Middle Eastern customers buy live Australian male sheep for traditional cooking, and many Muslim markets are supplied with Halal-certified meat from Australian processing firms.
- Japanese consumers prefer their beef 'marbled', which has encouraged the development of a grain-fed cattle industry.
- Australian producers export organic produce to consumers in the United States, Asia and Europe.

GROWTH IN AGRICULTURAL EXPORTS (current prices)

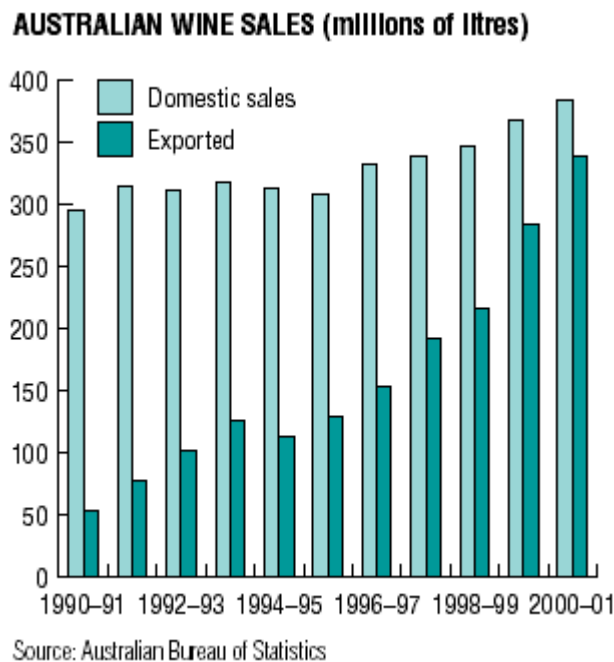
Source: Department of Foreign Affairs and Trade STARS database

But the most relevant example of Australia's agribusiness success at the moment is the wine industry:

Indeed, Australia is now the third largest wine exporter in the world. During the decade to 2001, the volume of wine exported rose by more than 500 %. Its value rose by nearly 900 % (see graph below).

The trend continued in 2000-01, when the value soared by another 28 % to reach A\$ 1.76 billion (Austrade). At the agribusiness export forefront is the winemaker BRL Hardy Wine Company, one of the ten largest wine groups in the world along with Penfolds-Rosemount, Foster's and the French-owned Orlando. Moreover, wine exports to France recorded a 20 fold increase in the value of sales since 1996.

It is also followed by other products such as cheeses or dairy products: Tasmania's King Island Company produces fine cheeses, pâté and other *gourmet* dairy products. An award for a cheese at the 2000 New York Fancy Food Show has given its profile and profits another boost.



As we already know, this growing wine industry also works together with the wine and spirits industry at large, with famous names such as the Foster's beer corporation which holds Australia's most famous beer, Foster's Lager, but also Australia's leading beer brands including Victoria Bitter, Crown Lager, Carlton Draught and Cascade Premium Lager. Foster's also produces premium wines such as Wolf Blass, Beringer, Matua and Chateau St Jean. Foster's generates around \$ 5 billion in total annual sales and has brewing operations in Australia, Fiji, Vietnam, India and China and wine operations in Australia, Italy, Chile, the United States, the Netherlands, France and Germany.

Foster's is among the top half-dozen wine groups in the world. Arguably with the best, at least there's no better, global growth prospects.

The case of the Foster's Vietnamese breweries is interesting as Foster's just purchased the assets of the Danang (Song Han) State Brewery in Vietnam to double the capacity of its existing Danang brewery and thus meet the growing demand in the Asia Pacific region. It should allow Foster's to increase its Danang Brewery capacity to 450,000 hectolitres, or six million cases. And it also underlines Foster's confidence in the Vietnam market and puts Foster's in an ideal position to expand their business in the second fastest growing economy in Asia as well as to use their Vietnam operations as a production source for regional exports.

It is this wine industry that quite possibly captures best the dynamics of the "new" corporate Australia since it has built off a local franchise and taken that deep into the global market, competing with and outperforming the "best" in the world.

Natural resources

As we have seen in our first part, Australia developed a mining industry since its early years and it is now a world leader in mineral and petroleum exploration and extraction thanks to abundant natural resources which have been a bedrock of its prosperity over a hundred years. The most recent developments saw Australian companies exporting not only their raw materials and value added products but also their advanced technologies, and process innovations which have been reshaping resource industries around the world as is evidenced by the latest A\$ 25 billion contract to supply liquefied natural gas to China.

The minerals and energy resources sector is still Australia's largest export industry, accounting for about 36 % of total exports. It also represent 12 % of the working population hired in the mining industry.

The value of those exports has been increasing from A\$ 34 billion in 1995-96 to more than A\$ 55.5 billion in 2000-01, with the increase spread across both processed and unprocessed commodities.

The main contributors in 2000-01 to the export growth in unprocessed products were crude petroleum (up 54 % on 1999-2000 to A\$ 8.1 billion), coal (up 30%), iron ore (up 30%) and zinc (up 43%).

Among processed products, petroleum and other gas exports rose by 41 % and alumina exports increased by 30 % to A\$ 4.5 billion.

For the year 2001, Australia was the world's top producer of six mineral resources: bauxite, alumina, lead, ilmenite and rutile (titanium), zircon, second in the world for uranium, and among the top five in nine others (gold, nickel, copper, coal, etc....).

No other country exports such a range of commodities. And discoveries of world-class mineral deposits continue to be made these days.

In fact, Australia is still under-explored despite its leading position as a minerals and energy producer.

Australia's main export markets for minerals and energy exports are in Asia, particularly Japan and South Korea, which bought 38 % of exports in 2000-01. European countries make up the second largest market.



Australian export achievements are also supported by Australia's legal framework and investment environment, which are favorable to exploration and development especially under the reforms which took place over the past few years. Australia is consistently ranked high in international investment surveys, and attracts the highest individual country share of global exploration spending (see graph above).

In response to globalisation and competitive and fluctuating world markets, Australia's minerals and energy industries are now placing their highest priorities on achieving greater efficiency, diversification and sustainability.

In a world now growing more conscious of community and environmental sustainability, Australian companies such as BHP Billiton, have developed processes for community consultation and environmental protection to ensure the highest standards of responsible operation.

Some environmental technologies, in minesite rehabilitation for example, have themselves become export successes.

Australia is thus well positioned to meet predicted increasing global demand for natural gas and renewable energy sources, and its developed technologies for producing and using coal in cleaner and smarter ways are expanding export demand.

The recent Chinese natural gas deal worth \$ 25 billion represents a huge win for Australia as it is the nation's biggest single export deal ever. The contract will give Australia a foothold into what promises to become a highly lucrative market in the near future. The gas, from the North-West Shelf of Western Australia, will be worth between \$ 700 million and \$ 1 billion a year for 25 years and China's offshore oil company will invest in the project, which promises \$ 1.5 billion of capital, works and new jobs in remote Western Australia (see maps 47-48).

Big Australian and international corporate names in the gas & petrol industry such as Woodside Petroleum, which operates the North-West Shelf project, BHP Billiton Petroleum (world's biggest resources group), BP, Chevron, Shell and Japan Australia LNG are the members of the consortium.

What is even more encouraging for the long term survival of this industry is that analysts said recently that the Australian contract was to begin in 2005, and was likely to be the first of many similar gas projects in China and in the region.

The growing pressures for sustainable development policies in this business will also find echoes in the fact that environmental degradation and air pollution are or will soon be acute problems in the world's most populous nation, and liquefied natural gas appears to be much cleaner than coal-based power stations which are common in China.

Manufacturing industry

The manufacturing industry gathers 14.5% of the working population in Australia and it has been acknowledging important changes and wide diversification in recent years to access export markets and keep this competitive edge which made corporate Australia so successful these last few years.

As for the Elaborately Transformed Manufactures (ETMs):

Exports of ETMs increased by 15 % (even 16% for overall manufactures) to \$ 20.7 billion in 2000-01. Since 1990-91, ETMs have grown at an annual average rate of 11 % a year, compared with a rate of 8 % a year for STMs (Simply Transformed Manufactures) and 7 % for Primary products.

Within the ETM category, Australia's exports of Engineering products recorded the largest increase in 2000-01, increasing by 14 % to \$ 11.5 billion.

Within Engineering products, exports of Passenger motor cars (Ford Australia, Holden and HSV, Toyota, Mitsubishi) increased by 48 % to \$ 2.6 billion, electrical machinery and apparatus increased by 37 % to \$ 1.1 billion, and professional, scientific and controlling instruments increased by 31 % to \$ 1.2 billion. Overall assembled motor vehicles and components for mechanical and electronic equipment exports increased by 15 % totaling A\$ 21 billion.

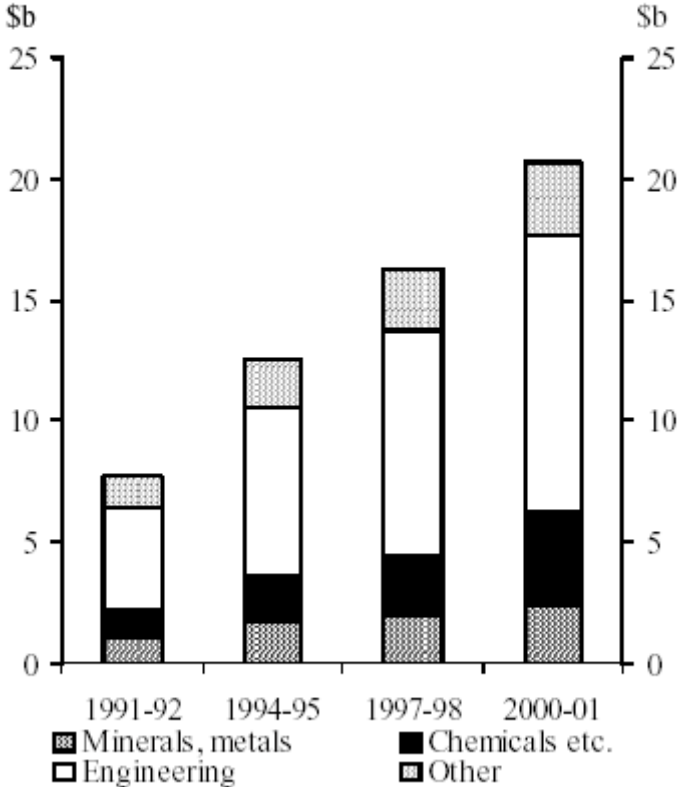
Transport equipment and parts, decreased by 45 % to \$ 595 million.

Exports of chemicals and other semi-manufactured products increased by 19 % to \$ 3.7 billion in 2000-01. The main contributor to this growth was the export of medicaments (including veterinary) which increased by 32 % to \$ 1.7 billion.

Exports of other manufactured goods grew by 14 % to \$ 3.0 billion in 2000-01. The main contributors to growth in this category were manufactured articles, up 23 % to \$ 508 million, and baby carriages, toys, games, and sporting goods (Quicksilver, Billabong, etc...) which increased by 45 % to \$ 252 million.

(Market Information and Analysis Unit Department of Foreign Affairs and Trade December 2001).

Exports of Elaborately Transformed Manufactures



Source: ABS data on the DFAT STARS database.

Other fast growing industries also include Fast Ferries. The Western Australian company Austal Ships has become a world leader in the aluminum shipbuilding industry.

In the past five years, Austal has exported around A\$ 1 billion worth of its customised vessels throughout the world.

But the most promising for the future certainly are the ITC and biotech industries.

Australian business and government have recognised the role of ITC in economic performance :

With 72 % of Australian adults and 75 % of small businesses connected to the Internet in 2001, Australia is now the first in the region for commerce ready web sites, and is rated by the Economist Intelligence Unit as second in the world in e-readiness.

AT Kearney even ranked Australia as the second most technology-savvy country in the world in its most recent Globalisation Index.

All this certainly explains why Exports of information technology products were worth A\$ 3.5 billion in 2000-01, 26 % more than the previous year and why companies such as Ericsson chose Australia as the location for their Asia-Pacific R&D centre and first venture capital fund.

Biotechnology and environmental technology are the next big wave of technological change in the Australian corporate fabric. It will have an impact on fields as diverse as agriculture, the environment, therapeutic drugs and new materials.

Australia has developed a dynamic core of biotech companies, backed by world class research capabilities. Since 1999, there has been a net increase of 70 core biotech companies, bringing the total to an estimated 190 core companies, more per capita than the United States. Another 460 related companies are also producing medical and biomedical devices, diagnostics, agri-food and environmental products.

Leading biotech exporting companies include:

GroPep, which develops, manufactures and commercialises growth factors for the pharmaceuticals industry; Bionomics, which has discovered genes associated with epilepsy, breast cancer and angiogenesis for the development of new drugs, diagnostics and gene therapies; and Technico, which has introduced new and/or genetically enhanced potato varieties around the world.

Services industry

The Australian services industry hires 70% of the working population and comprises almost 80% of the Australian GDP, outstripping mining, agriculture and even manufacturing industries.

From the year 1989-90 to the year 1999-2000, Australia's trade in services increased by 7 % a year on average, exports of services increased by an average 9 % annually, and imports of services increased by an average of 6 % a year with the United States as the single largest source of services imports in 1999-00, with imports valued at \$ 6.2 billion, accounting for 21 % of total services imports, and the European Union as the largest regional source of services imports (ahead of ASEAN countries) in 1999-00, valued at \$ 7.0 billion and accounting for 24 % of total services imports.

Thus this sector of activity evidences the fact that Australia has kept a competitive edge and a high degree of expertise as regards its regional partners, so that the services industry (with the exception of Japan) remains the quasi monopoly of western countries (mostly USA, EU, and Japan).

It is no surprise then, to find innovative Australian companies finding buyers in Europe, and the Americas for products and applications in fields as diverse as mining, finance, media and intelligent transport systems.

In 2000-01 (financial year to 30th of June 2001) , Australian ITC goods exports increased by 69.1 % to the United Kingdom, 50.5 % to the United States and 98.1 % to Taiwan.

Total exports of ITC goods and services grew more than 15 % in 2000-01 to A\$ 6 billion.

This is all the more important for Australia's economic future as some studies have shown that Australian investment in ITC as a percentage of GDP was the third highest of OECD countries. The Reserve Bank of Australia also found a direct link between expenditure on ITC and the country's strong productivity growth. Record high investment in Australian ITC has also made one of the biggest telecommunications and IT markets in Asia, a close second to Japan. Furthermore, the e-commerce take up is projected to add 2.7 % to Australian GDP growth over the next ten years (Austrade).

All this helps to build the modern corporate image of Australia which now attracts investments from more than 400 international companies which are setting up regional headquarters and operation centers in Australia, representing nearly A\$ 7 billion in new investment.

They include Alcatel, AOL, IBM, Cisco Systems, Compaq, EDS , Lucent Technologies, Microsoft , Siemens, Oracle, SAP, Sun Microsystems, Fujitsu and Novell, NEC, Phillips, Ericsson, Fujitsu, Motorola and Canon.

In the most recent developments:

IBM set up a center for e-business innovation in Sydney to boost Australia's role as an Asia-Pacific e-business hub.

Motorola is planning to invest A\$ 50 million in a software engineering center in Perth, Western Australia.

And Ericsson , as we said before, chose Australia as the location for its Asia-Pacific R&D centre and first venture capital fund.

Moreover, in a country of 19.7 million people, more than 10 million have mobile (cellular) phones, a penetration level higher than the US; as a ratio to GDP, Australia's ITC expenditure is greater than that of the US, Canada, Hong Kong or Singapore.

ITC also implies the success of Australia's main telecommunication operator, Telstra, which does not have the same global clout as Australian industry leaders such as BHP Billiton, but which is arguably one of the best telephone companies today in the world or at least in the top three or four, measured in terms either of profitability or balance sheet strength - and, in Telstra's case, both.

It contemplates state-of-the-art domestic network investment and major offshore growth at the same time.

As for transports, Qantas Airways, long one of the world's best airlines, is now quite possibly the strongest in the world in both financial and business terms. Its strategic alliance among the "Global one" holding of airways companies, along with British Airways, American Airlines, but also regional companies such as Cathay Pacific, and the recent purchase of Air New-Zealand, enables Qantas Airways to be a major player in the region and in the world.

Along with transport, the tourism industry is valued at over A\$ 16 billion, more than 10 % of Australia's total export earnings, and hiring 8.4% of the working population, thanks to the positive impact of the Sydney Olympics throughout the world but also in the region since Australia has long been one of the favorite overseas destinations for the Japanese.

The media industry is also one good example of the booming services sector in Australia.

A gigantic media empire has been built around newspapers first, but now also around the television and the movie industry.

The latter, under the spur of the 20th century Fox and the News Corp. both owned by Rupert Murdoch, helped building a worldwide empire which Australia is part of (Fox studios Australia).

Investors as well as producers and movie directors no longer hesitate to move part of their activities to Australia as they did for instance to England in previous years.

Low costs, expertise and a very dynamic image once again enhanced by the Sydney Olympics led some blockbuster movies to be shot in Sydney thanks to this image and/or staff professionalism (John Woo's "Mission Impossible 2", or the not yet released "Matrix 2", as well as George Lucas' first two instalments of his new "Star Wars" trilogy for ones).

Indeed, Australia's media entrepreneurs have a global perspective, and world-class professional skills and technical infrastructure of local media.

The News Limited and the Fairfax Group are the largest newspaper publishers and ACP the largest magazine publisher. On a per capita basis, Australia actually has one of the highest newspaper and magazine circulations in the world.

As for electronic media, Australia has three national commercial television networks and two public broadcasters: the Australian Broadcasting Corporation (ABC, which also has five radio network services across most parts of Australia.) and the Special Broadcasting Service (SBS) which are both national multicultural and multilingual broadcasters with programs in most Asian, Melanesian, etc languages.

Thus the media spectrum in Australia includes many organisations that serve particular audiences, including regional and special interest groups and ethnic and Indigenous communities.

Technology also changed things recently since a digital free-to-air television broadcasting services (including HDTV) was launched on January 1st 2001.

The rapid growth of broadband technology added to Australia's close proximity to Asia also means that once a suitable service is developed in Australia, customising and expanding into the Asian market then becomes a high probability, especially as Australia has people with the right kind of knowledge: high IT skills and fluency in Asian languages required to do this.

Under the reforms implemented over the last few years which saw the receding of free higher education (as well as parts of the social protection, health and retirement pensions) and the rise of private schools, universities, business schools, TAFE colleges, Australia has now become an educational centre in the region, not only for Languages, but also thanks to its renowned business schools, high tech universities and low costs as compared to US universities or Business schools of California for instance.

These qualities added to cooperation policies within the region allowed many forms of educational cooperation and exchanges throughout the region.

For instance, Monash University-Melbourne set a consultation program over tertiary education in China and RMIT-Melbourne set up a university campus in Saigon, Vietnam, whereas UNSW-Sydney created a campus in Penang, Malaysia, to allow local students to be admitted to UNSW or other NSW universities.

Last but not least, the finance sector which gathers almost two-thirds of the new operations in high-value, front-office activities, such as foreign exchange (as we have said before, Australia has the 9th foreign exchange market in the world and the Australian dollar is the 7th most traded currency) and derivatives trading, where Australia has globally acknowledged expertise.

Australia's cost competitiveness as the region's ideal financial services location was also underlined in the Economist Intelligence Unit's latest Worldwide Business Cost Ranking for December 2001.

Australia's stock exchange now is the thirteenth largest in the world, and the third largest in the Asian region after Japan and Hong Kong.

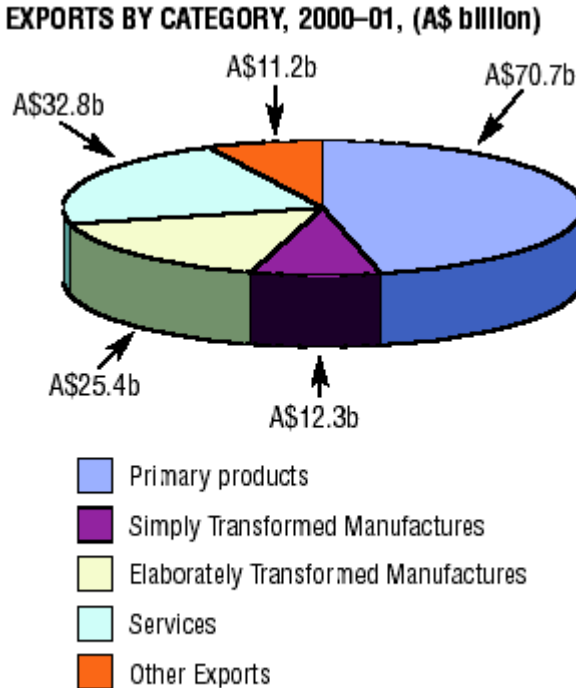
Besides, the 2001 IMD World Competitiveness Yearbook even ranks Australia first in the world for the availability of financial skills. More and more firms are getting lured to Australia by the size of its managed funds pool, which is the largest in the Asia-Pacific outside Japan and which is tipped to grow to A\$ 1.5 trillion by 2010.

The main four Australian banks: ANZ Bank, CBA (Commonwealth Bank Australia), NAB (national Australia Bank), or Westpac, as well as other financial institutions such as AMP, have not only become world class players but they are also now among the fastest growing in the region and in the world.

This new attractiveness as regards financial services also finds echoes in non-resident bank movements in Australia. Among the latest developments we may notice:

Lehman Brothers, which is starting up its Asia Pacific operations in Melbourne, Vanguard, the world's largest funds manager, which has also set up regional Headquarters, and City Group which has moved its major call center operations to Brisbane. We will find Deutsche Bank which has moved its entire Asian funds management from Tokyo to Sydney, while JP Morgan is setting up its Asian Investor Finance Service in Adelaide. A new alliance between Dutch-based ING and Australia’s ANZ Bank has also created Australia’s fourth-biggest funds management and life insurance group.

So to sum up this first sub part, we may conclude (as the graph below shows) that primary and manufactured products remain the core of Australian exports, with still very high potentials in both domestic (extraction, production, etc) or on export markets, especially in the Asia-pacific region where Australia’s presence is now undeniable.



Source: Department of Foreign Affairs and Trade TREC data

The tremendous and unprecedented growth in Australian exports overseas is the direct result of political, fiscal and social reforms, which over the decades, not only modified the place of Australia within the region, but also modified the very frame and essence of the Australian society, which switched from a well and long established (but somewhat controversial) welfare state to a neo-liberal form of government which found direct repercussions (positives ones, obviously) over the Australian economy.

The question of whether or not Australia now is an Asian power, as far as economic integration is concerned, should lead us to a closer look at Australia’s trade relations with its main economic partners whatever the countries (see graphic below) or regional trade blocks as we will see now.



Source: Australian Bureau of Statistics

Australia's relation with main regional trade blocks

Europe: As for Europe, the United Kingdom for the year 2000, remained Australia's largest trading partner for merchandise goods within the EU, accounting for 30 % of total exports, valued at \$ 3.8 billion. Italy (\$ 1.8 billion) and the Netherlands (\$1.8 billion) followed the United Kingdom which valued at \$ 7.0 billion as Australia's largest individual source of imports, accounting for 27 % of total imports from the EU. Germany (\$ 5.9 billion) and Italy (\$ 3.1 billion) followed the United Kingdom.

As for services, trade with the EU accounted for 22 % of Australia's total trade in services in 1999-00 and within the EU, the UK accounted for around half of Australia's exports and imports of services still long ahead of any other European countries with which Australia has traditionally run a merchandise trade deficit (\$ 12.9 billion for the year 2000).

America(s): with a bracket, as North America dominated trade with the region, accounting for 92 % of trade, though countries such as Chile are among the close neighbours of Australia. Exports of merchandise goods to the Americas (thus including the NAFTA & MERCOSUR) accounted for 13 % of total Australian exports, with the United States remaining Australia's largest trading partner within the Americas, accounting for 79 % of Australia's exports to the region, to be valued at \$ 11.0 billion. The United States was followed by Canada (\$ 1.4 billion) and Brazil (\$ 571 million).

Imports of merchandise goods from the Americas accounted for 23 % of total Australian imports, with the United States as Australia's largest individual source of imports (aircrafts & parts, telecommunication equipments, computers), and it accounted for 87 % of total imports from the Americas, valued at \$ 23.1 billion.

As for services, the Americas accounted for 22 % of Australia's total services trade (with 85% of the services trade made with the US). Exports of services increased by 7 % to \$ 5.6 billion, while imports increased by 10 % to \$ 7.1 billion.

As with Europe, Australia has also traditionally run a merchandise trade deficit with the Americas. For the year 2000, this deficit decreased by 2 % to \$ 12.8 billion, the second largest trade deficit with any region after Europe.

Asia & the Pacific Rim:

The GDP of the Asia-Pacific region is over US\$ 18 trillion and Australia based companies are ideally positioned to do business within this region and worldwide.

It is all the more important as 42% of Australian exported products and services go to the Asia-Pacific region alone (excluding trade with New Zealand).

Australia (as the graph p.34 shows) is now developing most of its trade relations with Asian countries, with the exception of the US, New-Zealand (as part of the CER) and the UK.

It is thus surprising, but at the same time important, to distinguish and dissociate economics from politics, as recent statements from Australia's Prime Minister, John Howard, and a forthcoming foreign policy white paper (due for October 2002) actually may start dubious controversies on Australia's involvement in the region.

In this white paper, the Australian government is expected to formally state that its most important international relationship is now with the United States and as a consequence, knock Japan from the number one rank it has held for three decades as Australia's top trade partner, and though it still remains Australia's number one export market.

Even though over the past 12 months it has become clear that if the two way trade in both goods and services are added together, then the new number one trade partner is the United States (for 2002), this policy document may mark that change, and underline the symmetry of trade and strategic interests towards the US on the one hand and Asia on the other hand.

Australia has become an attractive location for international companies wanting to establish a regional base to seize the growing business opportunities in the Asia-Pacific region. Australia's investment proposition for the 21st century thus fits with new Asian business structures which are region-wide value chains supported by high-technology solutions. As a result, companies find Australia's low operating costs and high skill levels attractive compared to rival regional hubs. Other factors favouring Australia include:

- a favourable time zone (especially for 24 hour "follow the sun" operations as in finance) and geographic proximity (from the Pacific Rim)
- economic and political stability, creating a secure business environment
- high-quality, cost-effective ITC infrastructures, and well-developed, cost-effective road, rail and energy infrastructures
- sophisticated financial, legal, and management support services

- an attractive, safe and friendly expatriate environment
- a skilled, multicultural and multilingual society (almost 800,000 Australians speak an Asian language, with over 40 different Asian languages covered)
- high quality of life and low cost of living

On top of all those key factors, Australia is also pursuing a number of bilateral free trade agreements (FTA), believing that they can be complementary to the multilateral system since access to regional markets is enhanced by strong bilateral relations:

An FTA with Singapore is now being negotiated, and discussions are also taking place with Thailand and the United States.

Not to forget of course, Australia's longstanding Closer Economic Relations (CER) agreement with New Zealand, which has now been into force for almost 20 years (since 1983) and which is recognised as the world's most comprehensive and effective free-trade agreement by the WTO.

As for multilateral agreements, APEC is the cornerstone of regional trade for Australia in the Asia-Pacific region. Australia played a major role in securing APEC support for a new WTO round.

Current priorities are strengthening markets and competition policy, encouraging the development of the "new economy" and responding to the opportunities of globalisation.

Australia, with its CER partner New Zealand, is also pursuing closer economic partnerships with the ASEAN countries and looking at broad-base economic and trade agreements with Japan, Korea and China, to bridge the original gap which was due to Australia's absence from the ASEAN.

So as we have said, regional trade agreements are being negotiated between Australia and a number of countries within Asia, also including Thailand and Singapore.

These agreements aim to be comprehensive in scope and to remove barriers to trade in goods and services as well as to provide a stronger and more secure framework for doing business out of the Australian base for smaller businesses (looking for new export markets) than renowned companies such as Lend Lease, National Australia Bank, Qantas and QBE Insurance which have all been operating on the Asian market for over 30 years.

ASEAN and CER (Australian and New Zealand) Ministers agreed last year to work toward a closer economic relationship, meanwhile APEC remains a key building block for support and continues to provide an important contribution for encouraging unilateral tariff reductions by member countries.

This contradiction, Australia being out of the ASEAN but in the APEC, is now being done away with thanks to a pro-active attitude on the part of the successive governments which really apprehended the importance of Australia's economic integration within the region for the future.

This also explains why Australia is constantly looking into ways to strengthen economic relationships with Japan and Korea, and why the Australian Government is supporting a range of APEC works on the issue of free trade agreements.

This pro active contribution on the part of governments actually goes beyond the bonds of the macroeconomic level and also plays a major role at the corporate level, as was the case for the recent gas deal in China for which the prime minister, minister of foreign affairs and trade, as well as many corporate leaders have been working for years to reach this success (in spite of some critics pointing out that Australia sold out on human rights).

However, all regional trade blocks included, the Australian economy records a chronic trade deficit which amounted to a ratio of 5.5 % of its GDP (year 2000) mostly because of sky rocketing real estate prices (especially in Sydney) and households confidence indexes, but also because of a decrease in savings and of a strong and robust domestic aggregate demand.

The emphasis we put on exports, though it is definitely Australia's safest ticket to regional integration within the Asia-Pacific area, should also be moderated by the fact that Australia, for the year 2000, was only the 21st exporting country (14th economic power) in the world, with total exports amounting to 20 % of its GDP, up from about 30% a decade ago (as a comparison France is claimed for one third).

b- From a geopolitical point of view (OZ & the APEC/ASEAN growing political influence within the region)

So much for economics, which, it seems, is not to be the only key factor to integration: foreign policy and long term geopolitical strategies shall also determine Australia's future role either as a fully integrated Asian power (in the broad sense of the word), a relic of western civilization, or a truly independent (so far as cultural clashes between western and Asian civilizations are concerned) yet totally committed power in the region's interests.

As we have just mentioned, the question of how Australia defines its position in the region and gives priority to some given countries, maybe at the expense of others, may determine its trustworthiness not only as an economic partner but also as a political power in the region.

The four countries that have been most important to Australia in recent years are: America, Japan, Indonesia and China.

But that hierarchy of importance is now claimed to be out of step with the clear sentiment recently expressed by the Prime Minister, John Howard (PM):

"The American Australian relationship is the most important that this country has."

Although this makes sense if we consider relationships country by country, as a whole, Asia is (or should be) Australia's priority, in economics as well as in politics, and balancing the shifting interests is to be an affirmation that Asia is an abiding priority in Australia's external policy, with one senior official who said recently that any claim Australia is turning away from Asia should be dismissed as foolish lie.

The forthcoming foreign policy white paper (due October 2002) is expected to point out the growth in China's importance, with a hint at the relative decline in the influence of Indonesia over the past five years.

The latest China gas deal clearly rewards Australia's diplomatic efforts towards China. Indeed, it is the culmination of a process that began 30 years ago with Gough Whitlam's (Former P.M) visit to China to establish formal diplomatic relations. It also recognises the commitment of former prime ministers Bob Hawke and Paul Keating to developing relationships with China and reinforces the value of Australia's transparent business culture and regulatory regime, all this in spite of Beijing's publicly describing Australia as a US "cat's paw". Australian strong support for China's entry to the World Trade Organisation and Hawke and Keating's promotion of APEC have all helped to improve this relationship throughout the years.

To go on with this white paper, turmoil in the South Pacific is expected to come ahead of the United States, reflecting Australia's fears about the Melanesian mayhem it sees growing in neighbouring states. With Solomon Islands and Nauru already failed states and Papua New Guinea and Vanuatu struggling, the attempted coup in Fiji (may 2000), the language on the Pacific is expected to be sober and realistic.

Australia's policy objective in the South Pacific thus seems to cleverly manage trouble and to deal with new countries which are prickly about their independence and yet face some “problems of corruption and misgovernment” as one senior diplomat recently put it bluntly.

The line for the Pacific Islands is that Australia will help, but is realistic about the limits of its influence and responsibility in the region.

This hasn't always been the case though, as in recent years Australia intervened (with the agreement of the UN) in East Timor, when the former Portuguese colony declared its independence from Indonesia in August 1999.

This revealed Australia's commitment within the Australasia area, and underlined Australia's political will to show leadership within the Asia-Pacific region and not only to act as the United States' “*cat's paw*” (with all due respect to US foreign policy and/or military interventions throughout the world).

This regional leadership was also asserted in 1995, when Australians protested against France's decision to resume nuclear tests in the Pacific and angry Australians called not only the whole region, but also EU countries as the UK to a boycott of French products.

The very recent controversy upheld by an M.P about Australia's participation in the Viet-Nam war and the now growing questioning of an imminent intervention along with the US in Iraq also betrays some new signs of what some might call political maturity as a regional power.

Indeed, the strong (and perfectly legitimate) links Australia has tied with the US throughout recent history might become the cause of growing problems in the near future in so far as some Asian countries may still associate Australia's foreign policy with the US foreign policy and could feel irritated with it.

Though this is no questioning of Australia's current foreign policy, we may wonder if this will not lead to an internal debate on whether Australia has to navigate between what some might look at as a “Pro US” position in terms of foreign policy, or surrender to a forced assimilation to Asian countries, Indonesia, Malaysia or China for some of them, which would benefit from their quasi absolute majority among regional (trade) blocks to inflect Australian foreign policy in the region.

• Conclusion

- Australia's future within the region

Many people still harbour a particular and stereotyped image of Australia, such as the Opera House or blood-red Uluru (Ayers Rock). Yet these famous icons do scant justice to the richness of Australia's natural treasures and its cultural diversity.

Those same people who would expect to see an opera in Sydney one night and meet “*Crocodile Dundee*” the next would also have to re-think their grasp of geography in this huge country since it is this sheer vastness, and the friction between the ancient land steeped in Aboriginal lore and the New World cultures being heaped upon it, which gives Australia much of its character today.

From now on, with the opening and integration towards the Asia-Pacific area, Australia sticks to a new tectonics logic which irremediably goes on its way, encouraged by emerging regional trade blocks and alliances within the region which also mark the vanishing ties, in terms of economics and foreign policy at least, with the UK and the rest of Europe.

Recent economic and diplomatic success added to the legendary *Aussie* resourcefulness as a country of pioneers, also cocked a snook at history, since this country which first existed as a convicts' colony, is now one of the promising nations in the world.

From a long-term point of view though, the question whether Australia has a place of its own in the Asia-Pacific area may foreshadow other questions such as the possible antinomy between the forming of regional trade blocks on the one hand, and economic globalisation on the other hand.

Indeed, Australia is a strong advocate of economic globalisation, hence its high level of commitment within the WTO and the growing number of bilateral agreements with ASEAN member countries in order to surmount the fact that Australia is not a south east Asian nation (and the relatively limited economic weight of Pacific countries in comparison to Asian countries).

This question is all the more important as the number of trade disputes between regional trade blocks increased significantly in recent years and as the level of integration from regional trade block to regional trade block varies a lot, with the EU, and to a lesser extent the NAFTA, being the most completed forms of regional trade blocks.

But recently, the EU and the NAFTA developed highly protectionist policies on some specific issues (agriculture, steel, etc), which may make them feel rather “protected” (if not isolated) -though the word may not be accurate- from emerging countries and the resulting economic and social clashes.

On the contrary, Australia is now involved, as the only western country (the case of Japan being a bit specific) with a high HDI and (still) good social legislation, in the most possible (yet very successful – and it is no judgment of value) heterogeneous and mixed regional trade block on earth.

It was feared that the economic, social, and cultural shock with Asian countries would be hard; not only is Australia doing well, but this shock of civilisation was not that hard and it now seems that it should be easily overcome in the future thanks to great economic and political achievements over the past decade, and the new awareness of what policy lines are appropriate:

“Our standard of living – the quality of our communities, the prosperity of our families, the security of our jobs - all depends more than ever on our ability to compete in the global marketplace.” Mark Vaile, Minister of foreign trade.

However, one observation we could make is that Australians, on the whole, tend to be pessimistic about their country's economic situation and about its future. This has not always been the case as there are occasions, such as the present, where a degree of optimism can break out, but these are the exceptions rather than the rule. While Australians are often optimistic about their personal economic prospects, they are seldom so about the economy's prospects.

Indeed, there is still a tendency to look back favourably on the economic peace and certainty of the past and contrast it with the perception of insecurity and instability that surrounds the present economy. As we've mentioned in our part dealing with history, in about 1900 Australia was probably the richest country in the world in terms of income per capita. Now it is “only” in the top half of the pack of developed OECD economies.

But this pessimism also has its good sides because it means that Australia has been more prepared to take tough decisions than many other countries, particularly European ones (France for one), when it comes to reducing government debt, opening up the economy, privatising, deregulating the labour market and imposing stricter competition standards.

This results in a very particular, and quite enviable situation, which should leave no room for pessimism.

As a matter of fact the developed countries of the OECD area have grown less rapidly than the world average and their share of world output has fallen from 57.5 % in 1980 to 52.4 % in 2001 (see Appendix -Table 3). Within the group of developed countries, only three have managed to increase their share of world output : the United States, Australia and Ireland. Apart from the United States, Australia is thus the only developed country of reasonable size and reasonable initial income per capita to have increased its share of world output in recent years. This idea of decline, upheld by pessimism, turns out to be perfectly unjustified. But it also foreshadows favourable developments in the future, as high-immigration countries (such as Australia and the US) are less susceptible to the strains imposed by an ageing population as in Europe or Japan.

Australia's future thus seems to depend on its immigration policy as it has long been the case (also in the US), in so far as if it still attracts people, it will also still attract foreign direct investment, and more generally speaking, wealth and prosperity.

This new openness shall also find echoes in immigration diversity, as the economy shifted from a resources and commodities based economy to a more diversified one.

As for foreign policy, Australia may also have to play a specific role in the region as a trustworthy and respected negotiator among Asian countries, but US support still seems unavoidable to Australia's political survival in the region.

The old precept of Anglo-centeredness still survives somehow, but the idea of a subservience to Asian foreign policy, or at least non-interventionism on the international scene (since Asian countries do not intervene as much as they should/or may want to) does not seem to be a viable solution either.

Thus the last question we may ask ourselves is if economics (and the economic globalisation process) can overcome cultural and political gaps between western countries on the one hand (with the example of Australia and Asia) and emerging countries on the other hand.

To conclude we can just state that although no one can predict the future: all Australia can do as a country is to try and make sure that its economy is resilient enough to handle the shocks that it will inevitably face.

It has done so successfully twice in recent years when Australia faced the Asian crisis of 1997/98, with its neighbour country Indonesia seriously affected by it, and the world recession of 2001.

This should give Australia some confidence that it can handle the next one, whatever it may be, as successfully.

As for the question concerning Australia's place within the Asia-Pacific area, which does not mean it should lose its cultural/historical ties with the UK and the US for the sake of economic integration, the answer is still unclear for the time being.

But on a long term basis there is no doubt that Australia will become more and more involved in the region's business, whether economically or politically.

- **Appendix**

Table 1: Real GDP Growth
Annual rate, per cent

	1990–current ^(a)
Australia	3.4
Norway	3.0
US	3.0
Canada	2.7
Netherlands	2.6
NZ	2.6
Portugal	2.6
Spain	2.6
Austria	2.4
UK	2.2
Denmark	2.1
Belgium	2.0
Finland	1.9
France	1.8
Germany	1.6
Sweden	1.6
Italy	1.5
Japan	1.1
Switzerland	0.9

(a) Greece, Iceland, Ireland and Luxembourg not included due to data limitations.

Source: OECD



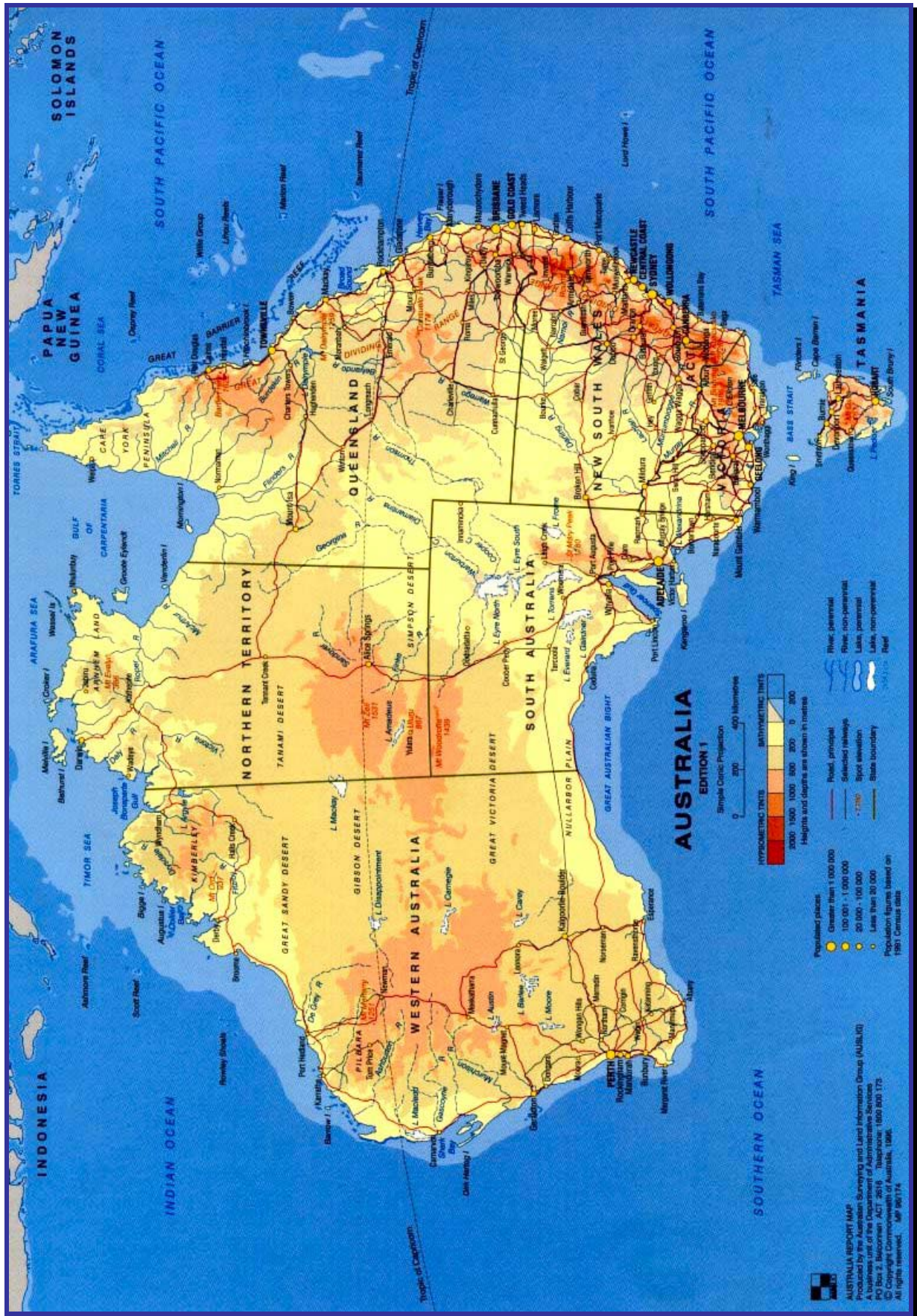
	Share of world output		Change in share 1980–2001
	1980	2001	
China	3.42	12.03	251.9
India	2.78	4.68	68.6
Korea	0.73	1.69	131.2
Indonesia	1.12	1.55	38.1
Taiwan	0.50	0.99	99.4
Thailand	0.54	0.93	73.2
Philippines	0.79	0.67	-15.6
Malaysia	0.24	0.44	86.0
Hong Kong	0.26	0.40	50.6
Vietnam	0.18	0.36	93.6
Singapore	0.11	0.24	111.6
Total	10.67	23.96	124.7
Total (excl China)	7.25	11.93	64.6

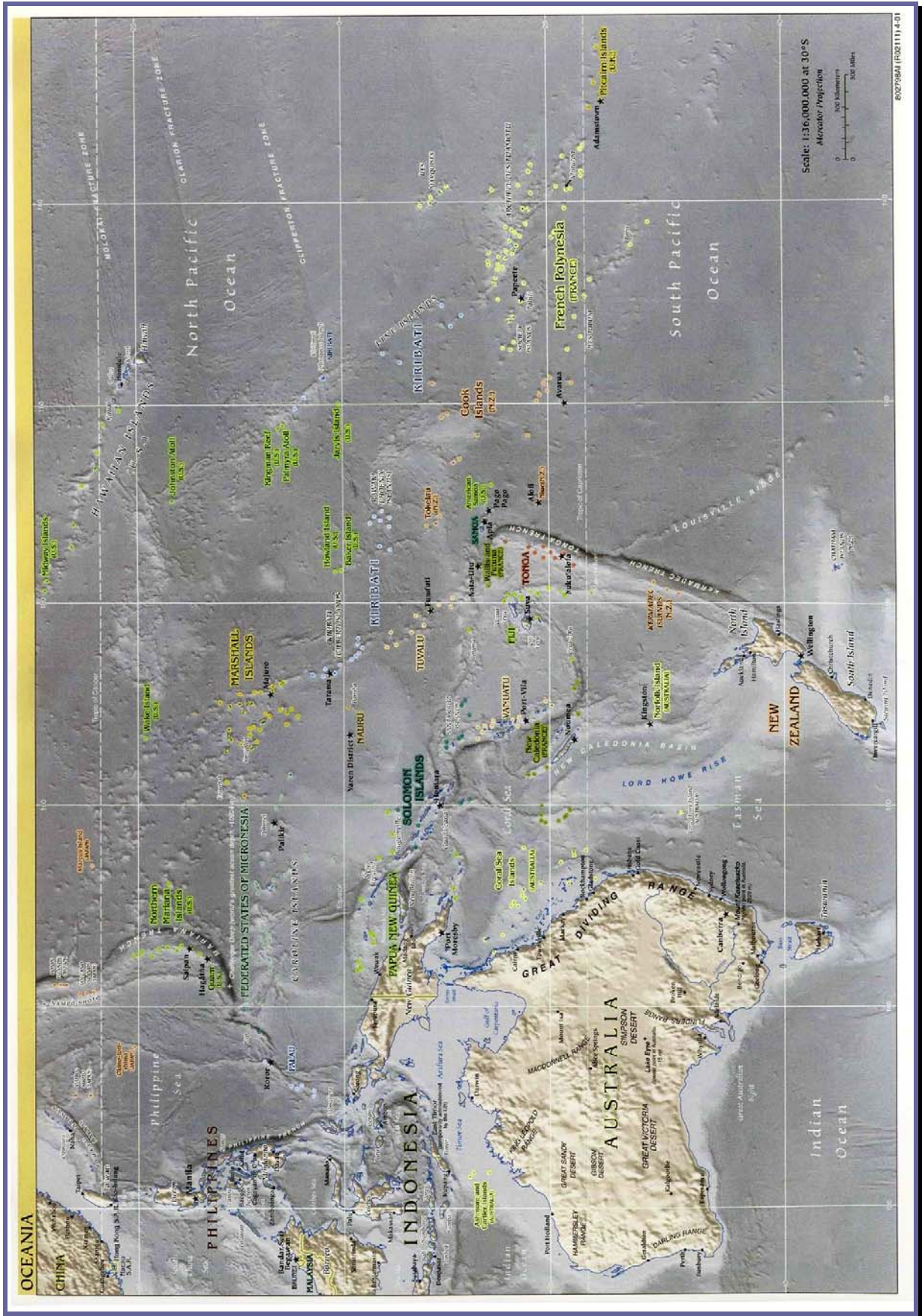
Source: IMF, World Economic Outlook database

	Share of world output		Change in share 1980–2001
	1980	2001	
US	21.27	21.31	0.2
Japan	8.05	7.28	-9.6
Germany	5.66	4.50	-20.5
France	3.91	3.21	-18.1
UK	3.60	3.13	-13.2
Italy	4.00	3.09	-22.8
Canada	2.14	1.98	-7.7
Spain	1.89	1.76	-7.2
Australia	1.06	1.13	6.4
Netherlands	1.03	0.90	-12.8
Belgium	0.77	0.60	-21.7
Sweden	0.63	0.49	-23.2
Austria	0.57	0.47	-18.3
Switzerland	0.64	0.46	-28.4
Greece	0.48	0.39	-19.3
Portugal	0.41	0.38	-8.4
Denmark	0.40	0.34	-16.1
Norway	0.31	0.29	-5.9
Finland	0.32	0.29	-10.4
Ireland	0.16	0.25	58.1
NZ	0.21	0.17	-17.9
Total	57.5	52.4	-8.9

Source: IMF, World Economic Outlook database

(Courtesy of the Reserve Bank of Australia)





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