



THINKING
BIG

Australia 2020 Summit

Australia's Future In The World

April 2008

These background materials aim to tell an evidence-based story about how Australia is faring. They are not intended to be definitive or comprehensive, but were put together to stimulate discussion on the main challenges and opportunities facing the country and the choices to be made in addressing them. They do not represent government policy.

The materials end with a set of questions. We hope that these, along with many other questions, will be the subject of conversation both prior to and during the Summit.

Significant shifts in the balance of global power are taking place, with the economies of China and India developing strongly

The world's population is expected to rise to 7.7 billion by 2020, with the populations of China and India rising to 1.4 and 1.3 billion respectively

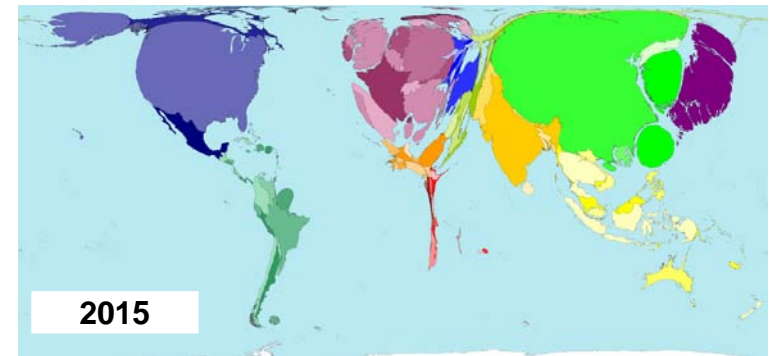
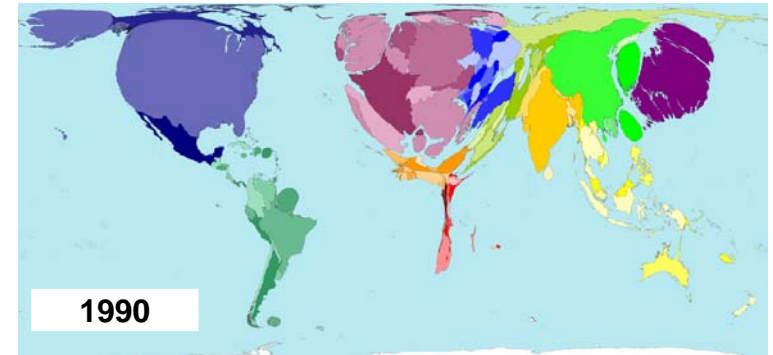
The US is likely to remain the world's foremost power with global reach, and Japan is expected to remain a major economic force and Australia's key export destination. However, while the US, EU and Japan will still be major economic and political forces in 2020, the real change will be the arrival of new great powers: China, India and possibly Brazil and Russia

Already relations among the current and emerging great powers are exercising powerful shaping effects on Australia's region. As they continue to develop, China and India will exert powerful gravitational pulls on neighbouring countries. The US is central to maintaining both our own and the region's prosperity and security

The importance of many of these nations to Australia's economy and security means that our relationship with the US, Japan, China and India will need to be managed carefully

Global institutions of which Australia is a member, such as the UN and the WTO, will also continue to be affected by the dynamics among the great powers

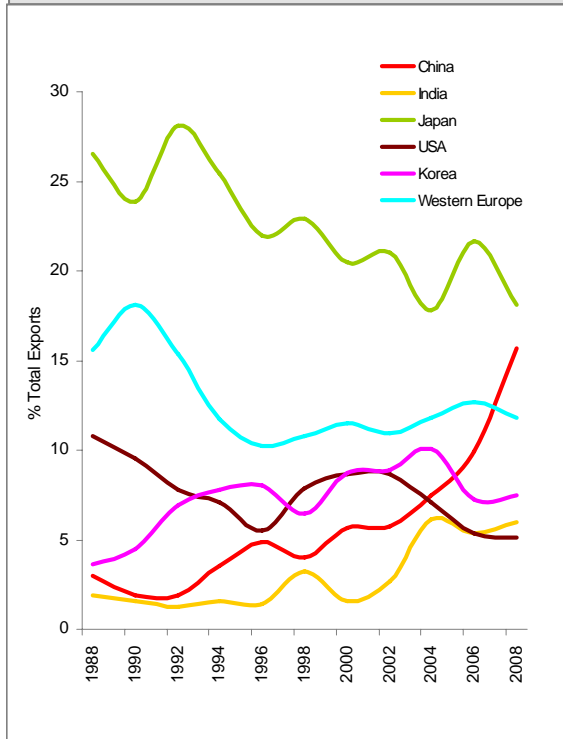
Indonesia, the world's largest Muslim democracy and a key regional partner for Australia, is also under-going major political, social and economic transformation



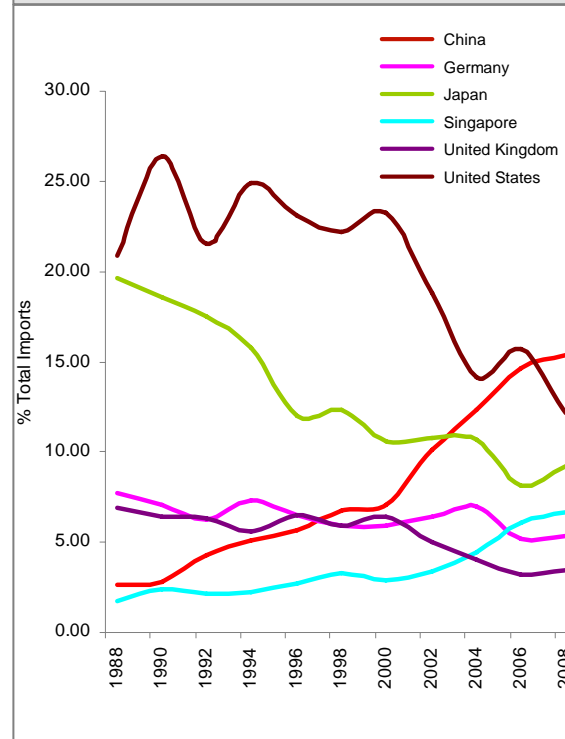
Territory size shows the proportion of worldwide GDP measured in US\$ equalised for purchasing power parity to be produced there in 1990 and 2015

Their growth is exercising a greater gravitational pull on surrounding countries, and their relationship with Australia continues to evolve

Major Australian export partners - proportion of total merchandise exports: 1988-2008

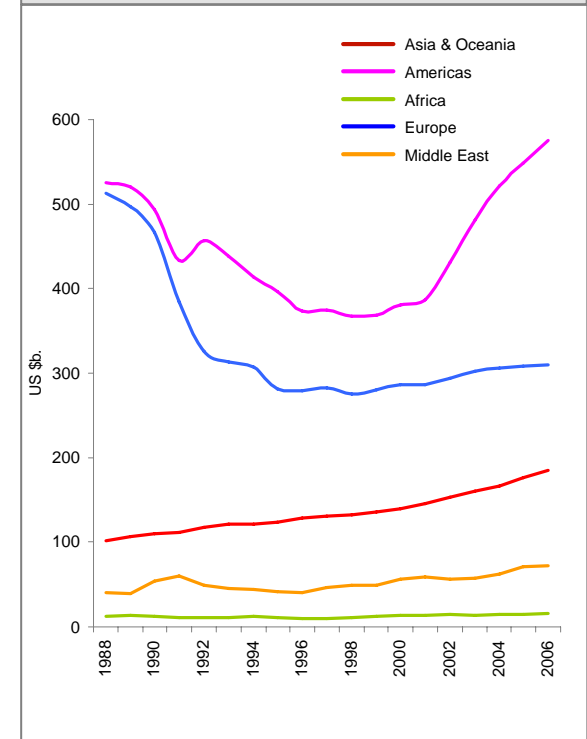


Major Australian import partners – share of total imports: 1988-2008



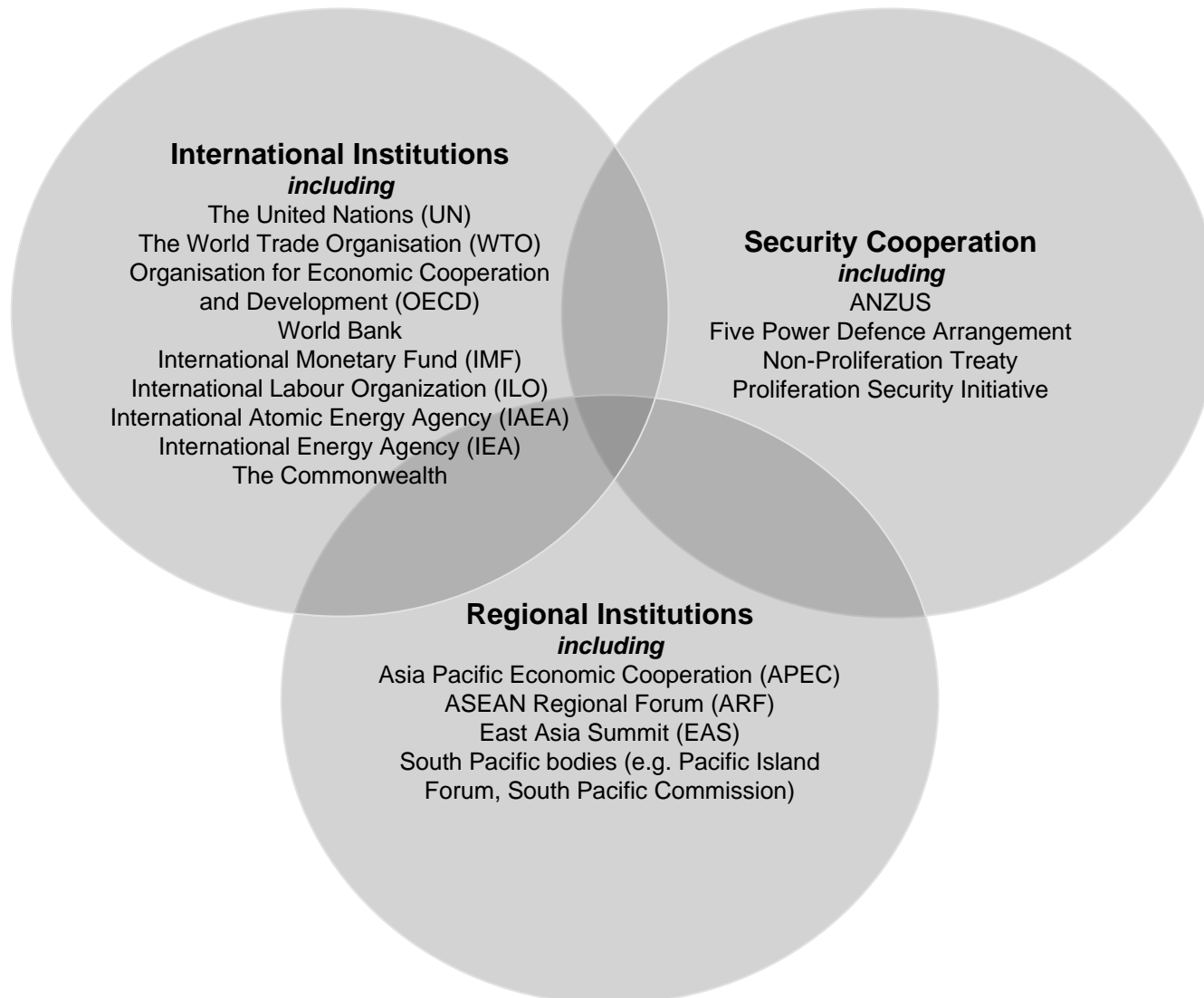
China and India are already significant import and export markets for Australia

Regional military expenditure: 1988-2006



Coming from a low base, and mirroring economic and population growth, Asia's nominal defence spending is growing

Our membership of a number of regional and global institutions will also affect these relationships



Treaties

Since 1990, Australia has signed 529 and has become a party to 603 treaties, including

- **Humanitarian**
 - ILO Convention concerning the Prohibition and Immediate Action of the Worst Forms of Child Labour (2007)
 - Ottawa Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their destruction (1999)
- **Environment**
 - Kyoto Protocol to the United Nations Framework on Climate Change (2007)
 - Joint convention on the Safety of Spent Fuel Management and the Safety of Nuclear Waste Management (2003)
 - Madrid Protocol for the Environmental Protection of the Antarctic (1998)
- **Security**
 - ANZUS (1952)
 - International Convention for the Suppression of the Financing of Terrorism (2002)
 - United Nations Convention Against Organised Crime (2004)

To ensure we remain effectively engaged internationally, we need to build and maintain high levels of international literacy

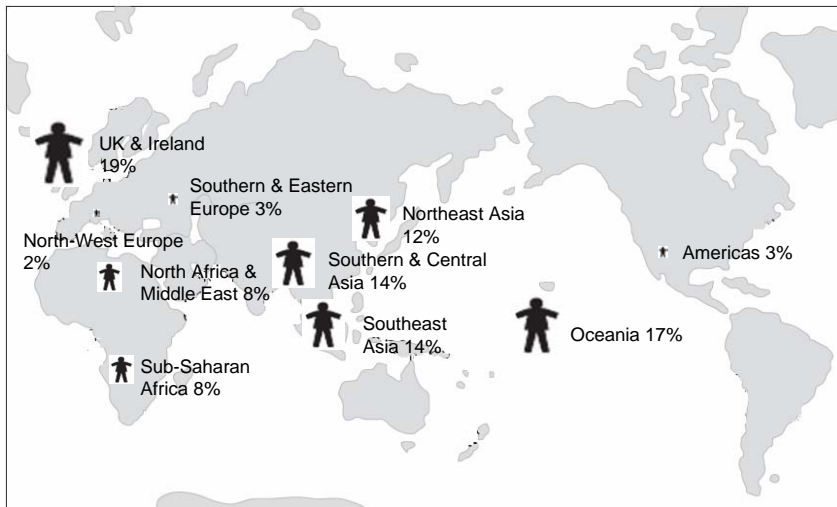
- In 2007, there were approximately 455,185 foreign students enrolled in Australia, with growing numbers from India and China
- English as a first language is in decline. With the growth in population in Asia and Africa, the proportion of people speaking English as a first language will reduce. It is estimated that approximately two-thirds of the world's population will not speak English as a first language by 2050
- The Internet is now multilingual. For commerce, most people prefer to use a website published in their own language. That is why a third of the World Wide Web is not in English, and that proportion is growing
(Ass. Prof Tony Liddicoat, Canberra, October 2006)
- Despite this, 85 per cent of Australian students graduate from Year 12 without a second language. Indonesia is one of our closest neighbours and an important regional partner, however only 15 full-time academics now work on Indonesia across Australia. Only 2.9% of tertiary students study Asia-related subjects and in 2006 only 400 university students enrolled to study Indonesian
- A number of increasingly important foreign languages are available at only 1 or 2 universities, including: Croatian, Hebrew, Hindi, Persian, Polish, Serbian, Thai, Turkish and Vietnamese

"Australia's school students spend the least time on second languages of students in all OECD countries. Language studies have collapsed from 40 per cent of Year 12 students studying a second language in the 60s to fewer than 15 per cent today."

Professor Tim Lindsey, University of Melbourne, March 2007

Australia can draw on its unique geographic location, large educated and multicultural population, and Australians across the globe

Regions of birth for
Australians born overseas: 2005-06

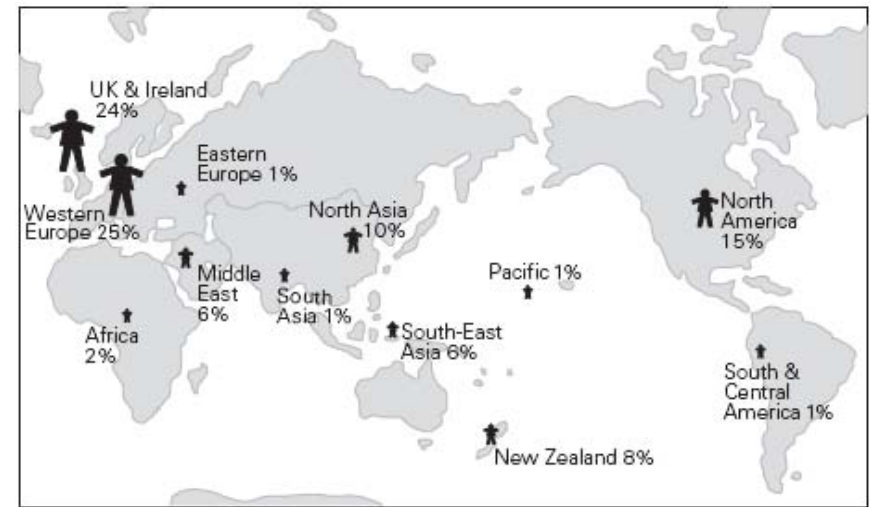


Currently about 1m Australians are living overseas and Australians make about 5m trips abroad each year



For more on Australian migration and cultural trends, see [Population Sustainability...](#) (p15)

Location of Australian Diaspora: 2004

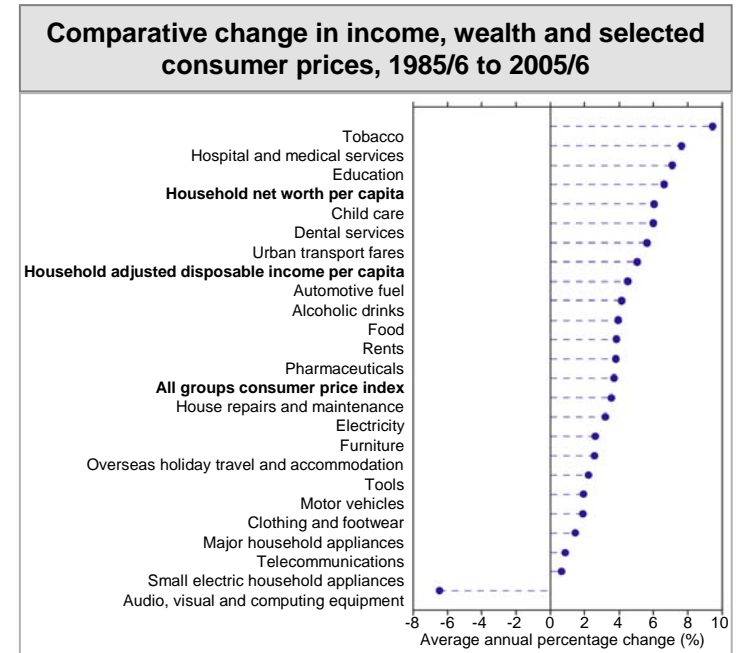
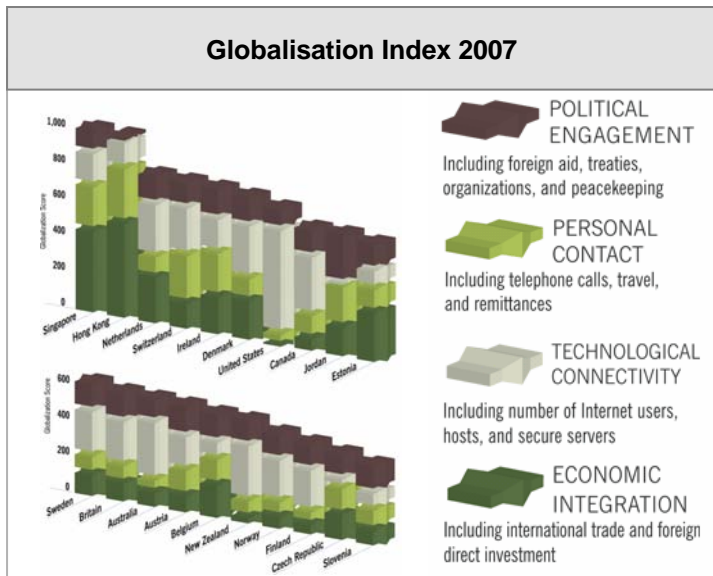


The Asia-Pacific region is highly diverse: it is a crossroad for the world's major civilisations

Australia's relationship with the world is defined not only by government-to-government discussions, but also by the people-to-people relationships of Australians abroad and at home

Australia has benefited greatly from globalisation

Australians have benefited from globalisation – the global integration of trade, finance, technology, ideas and people – through increased access to global markets and access to consumer products at reduced prices. Notably the increase in price of most consumer items has remained below the increase in disposable income levels for Australians, while consumer electronics have actually decreased in price



Australia, despite its geographic distance from many other global economic and social centres, can easily access the world through increasingly reliable and affordable communications networks.

Due to high use of telecommunications and internet technology, foreign direct investment and contributions to peacekeeping, Australia ranks 13th in the 2007 Globalisation Index

Source: A.T. Kearney/Foreign Policy, *Globalization Index 2007*

A strong, rules-based, multilateral trading system is in Australia's interests

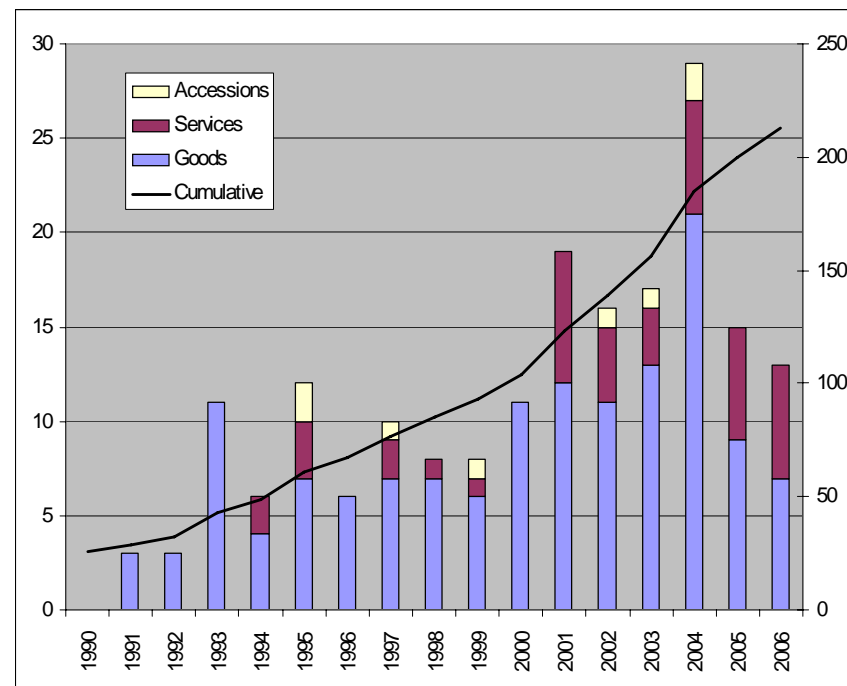
Multilateral trade agreements have great potential, but are hard work

Australia is a global trader; the 15th largest economy in the world. Our major export destinations are: Japan, China, the Republic of Korea, India and the US. Freeing all merchandise trade and eliminating subsidies through the WTO Doha Round could boost global income levels by up to US\$287 billion by 2015, according to the World Bank. Almost 45 per cent of these gains would flow to developing countries and help reduce long-term poverty. But after the 7.5-year Uruguay Round, multilateral trade reform has been protracted.

1994	Marrakesh	GATT Uruguay Round concluded; WTO created
1996	Singapore	First WTO Ministerial Conference; exploratory
1998	Geneva	50 th anniversary of GATT; preparatory
1999	Seattle	Launch of Round failed; talks suspended
2001	Doha	New Round launched
2003	Cancun	Stocktake leads to dead-lock
2004	Hong Kong	Doha Round back on track

The number of bilateral trade agreements has grown significantly since 1990

Number of bilateral and multilateral free trade agreements, 1990-2006 currently in force, by year of entry into force (WTO, 2006)



Globalisation also exposes Australia to a range of challenges from transnational individuals and groups

Key transnational threats facing Australia

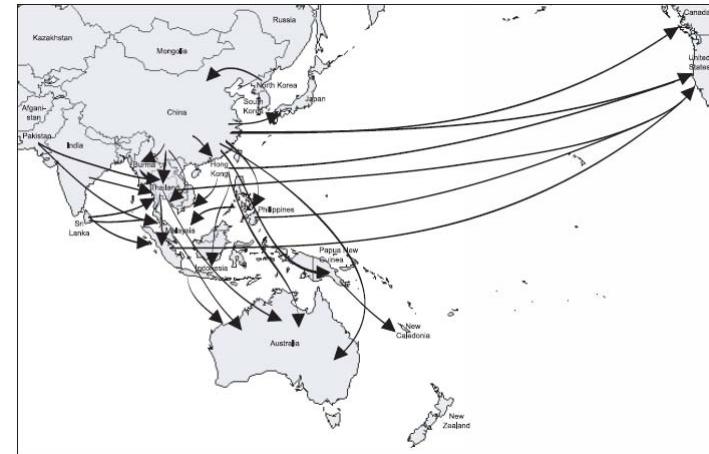
- Crime, including narcotics, people smuggling, illegal fishing and piracy
- Terrorism
- Weapons proliferation, particularly weapons of mass destruction (i.e. nuclear, chemical, biological)

Afghanistan and Burma continue to be two of the most significant global producers of opium, with increased seizures of opiates in Asia reported over the last decade. South-East Asia, notably Burma, China and the Philippines, continues to be a major production area for methamphetamines. Australia is increasingly a destination for both amphetamines and ecstasy

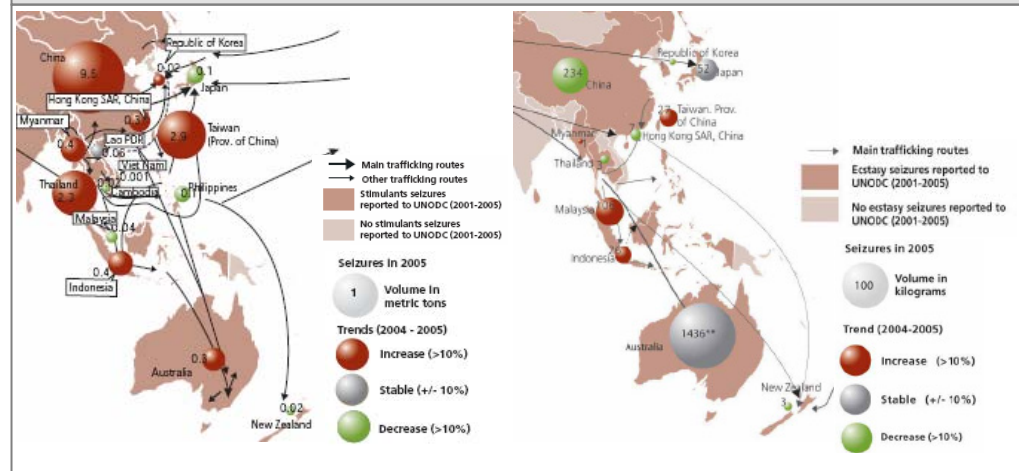
More than 100 Australians have been killed in terrorist attacks since 2001, including the 88 civilians killed in Bali in 2002, though there has been no major terror attack in South-East Asia since 2005

Australia's distance from our major trading partners also enhances our vulnerability to transport security threats (e.g. piracy)

People-smuggling routes in the Asia-Pacific region



Trafficking in amphetamines and ecstasy (2005)



Resource scarcity, environmental and health threats are also global in scope

Transnational threats will require global solutions, involving cooperation between developed and developing countries

Climate change, if not effectively addressed, will have enormous economic and human security costs, especially for coastal and agriculture-based economies

Resource scarcity – increased competition for land, energy, food and water – particularly in the developing world, will be exacerbated by population increases and climate change

Pandemic diseases are a major transnational security challenge given their potential to spread rapidly (e.g. HIV/AIDS; SARS outbreak in 2002-03)

Consequences of climate change

Potential land loss and population exposed in Asian countries for selected magnitudes of sea-level rise and under no adaptation measures
(modified from Nicholls and Mimura, 1998; Mimura et al., 1998)

Country	Sea-Level Rise	Potential Land Loss		Population Exposed	
	(cm)	(km ²)	(%)	(millions)	(%)
Bangladesh ¹	45	15,668	10.9	5.5	5.0
	100	29,846	20.7	14.8	13.5
India	100	5,763	0.4	7.1	0.8
Indonesia	60	34,000	1.9	2.0	1.1
Japan	50	1,412	0.4	2.9	2.3
Malaysia	100	7,000	2.1	>0.05	>0.3
Pakistan	20	1,700	0.2	n.a.	n.a.
Vietnam	100	40,000	12.1	17.1	23.1

n.a. = not available.

Risk of pandemic

The outbreak of H5N1 avian influenza in the Asian region has highlighted the risks posed to all countries by pandemics. The movement of people, livestock and freight throughout the region, and the weak health response capabilities of some states, increase the risk of pandemic spread

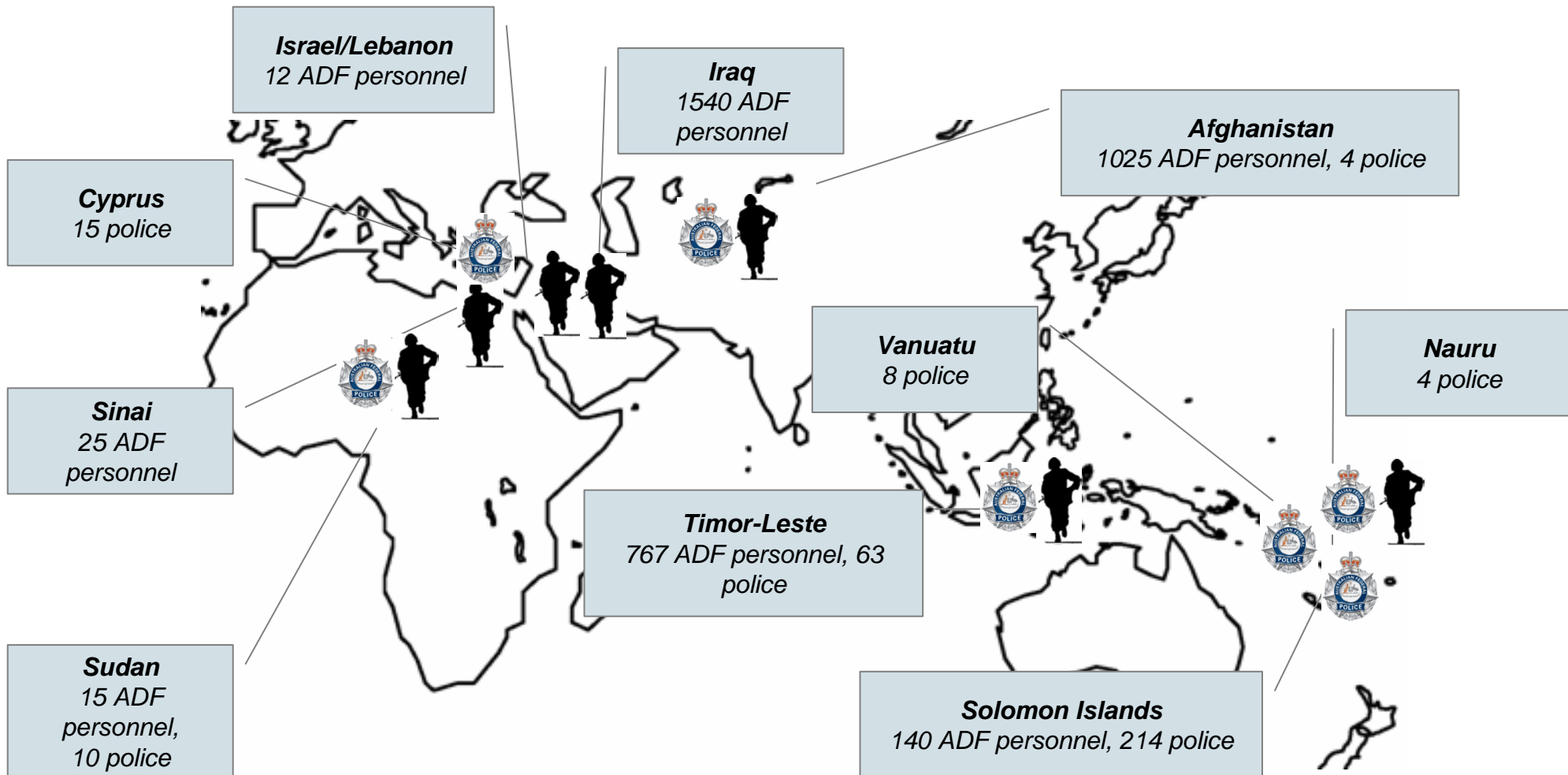


For more on climate change, see [Population, Sustainability...](#) (p2-7)



1. Note, there are 2 projections provided for Bangladesh
Source: Dupong and Pearman, "Heating up the Planet", *Lowy Institute Paper 12* (2006) 50; Maplecroft Global (2006)

Australia is engaged in a range of international peace-keeping and capacity-building efforts



Note: These deployments are supported by a range of Australian Government officials
Source: Department of Foreign Affairs and Trade

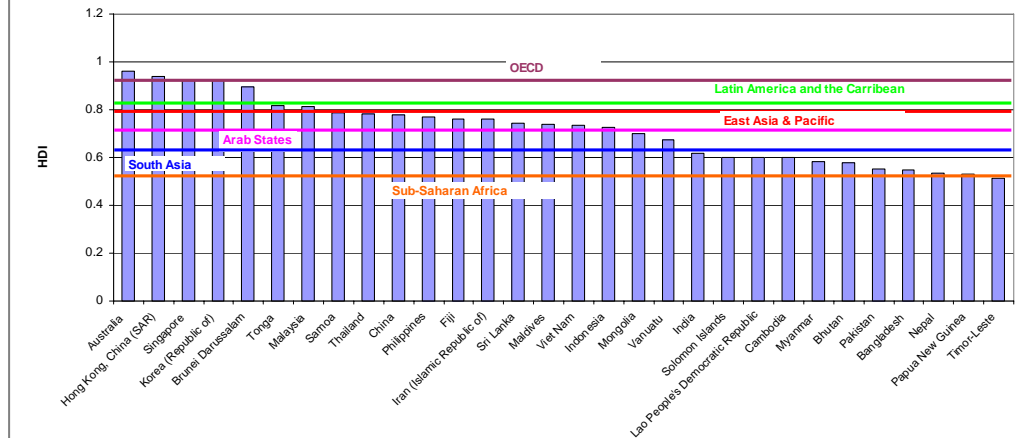
Some of our neighbours are faced with problems of chronic poverty, high birth-rates and stagnating economies

Many of their problems are compounded by maldistribution of resources, low rates of education and primary health care, corruption and inadequate governance arrangements

Many of Australia's neighbours are below the average human development index values for all other regions except sub-Saharan Africa

Efforts to address the Millennium Development Goals in the Asia-Pacific region has achieved some significant successes. However, there remain a large number of progress indicators that are off-track

Human Development Index (2005)

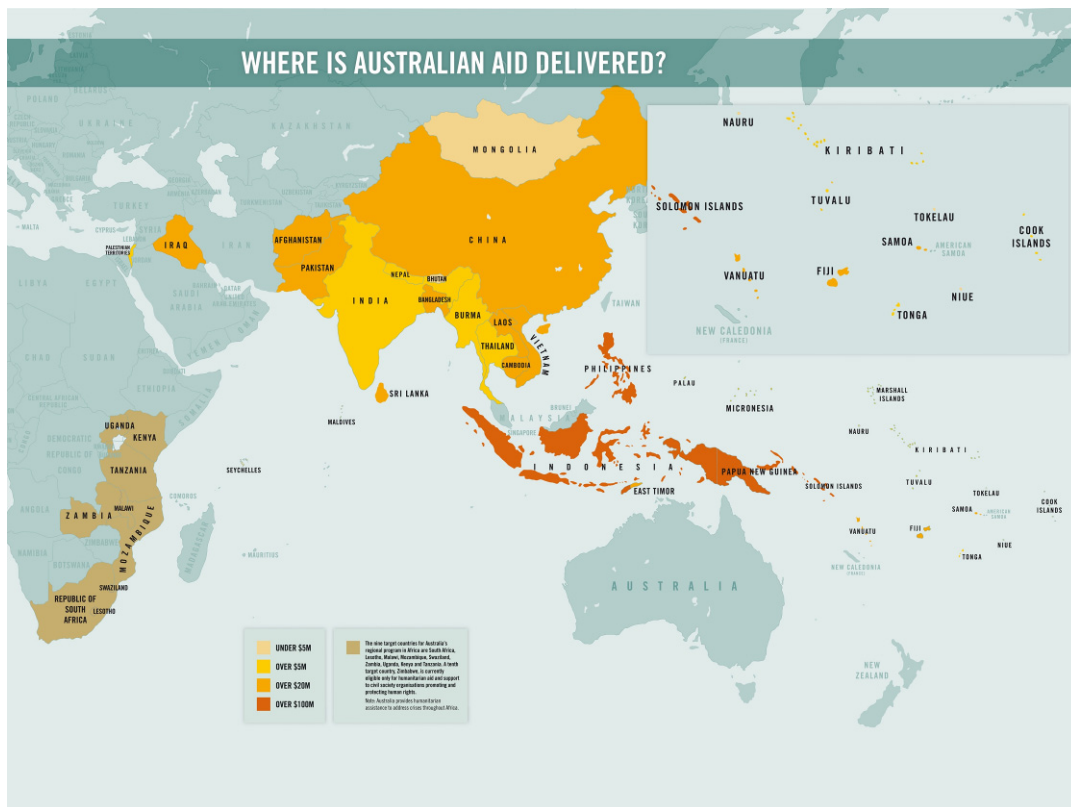


The Millennium Development Goals (2007)

Goal	1	2	3	4	6	7															
<ul style="list-style-type: none"> ● <i>Early achiever</i>: Already achieved the 2015 target ▲ <i>On track</i>: Expected to meet the target by 2015 ■ <i>Off track—Slow</i>: Expected to meet the target, but after 2015 ▼ <i>Off track—No progress/regressing</i>: Stagnating or slipping backwards 																					
	\$1/day poverty	Underweight children	Primary enrollment	Reaching grade 5	Primary completion rate	Gender primary	Gender secondary	Gender tertiary	Under-5 mortality	Infant mortality	HIV prevalence	TB prevalence rate	TB death rate	Forest cover	Protected area	CO2 emissions	ODP/CFC consumption	Water urban	Water rural	Sanitation urban	Sanitation rural
Asia-Pacific	▲	■	▲	■	▲	●	▲	▲	■	■	●	●	●	▼	●	▼	●	▼	▲	■	■
Excluding China and India	●	■	■	■	▲	▲	▲	▲	■	■	▼	●	●	▼	●	▼	●	▼	▲	■	■
South-East Asia	●	■	▼	■	▲	●	●	▲	■	■	●	●	●	▼	●	▼	●	▼	▲	■	■
South Asia	■	■	▲	▲	▲	▲	▲	▲	■	■	●	●	●	▲	●	▼	▼	▲	▲	■	■
Excluding India	▲	■	■	■	▲	▲	▲	▲	■	■	▼	●	●	▼	●	▼	●	▼	▲	■	■
Pacific Islands	■	■	▼	■	■	▲	▲	▲	■	■	▼	●	●	▼	●	●	●	▼	▼	▼	▼
CIS in Asia	●	■	▲	●	●	●	●	▲	■	■	▼	▼	▼	▼	●	●	●	▼	■	■	■
LDCs Asia-Pacific	■	■	▲	■	▼	▲	■	■	■	■	●	●	●	▼	●	▼	●	■	■	■	▲

Source: Transparency International, Human Development Report 2007/2008

Australia has a long history as a significant development partner in the region



Total Australian Overseas Development Assistance (ODA) in 2007-08 is A\$3.155 billion; and Australia is aiming to spend 0.5% of our gross national income on ODA by 2015

However, our experience is that the challenges of assisting others to reform and develop are complex

Questions

How adequate are the regional and global institutions of which Australia is a member and should Australia propose any necessary reforms?

How should Australia maximise its cooperation with its long-standing ally the United States?

Does Australia have a role in trying to manage a positive set of interactions among the great powers?

How can we leverage both our multicultural society and the Australians who live abroad to better contribute to Australia's continued prosperity?

How should Australia advance its international trade and economic interests effectively in a globalised world?

What are the best mechanisms for protecting Australia's maritime boundaries and maritime environment?

Should Australia play a role in building international mechanisms for stabilising world energy markets?

Are there potentially new avenues for development of partnerships and aid delivery that can be tried with some of Australia's neighbours?