



Dr Michael Spence
Vice-Chancellor and Principal

13 May 2014

The Hon Mr Bruce Scott MP
Member for Maranoa
Chair Trade Sub-Committee, of the
Joint Standing Committee on Foreign Affairs, Defence and Trade

By email: jscfadt@aph.gov.au

Dear Mr Scott

Inquiry into Australia's trade with Middle Eastern countries

The University of Sydney is pleased to provide the attached submission in response to the sub-committee's consultation questions arising from its inquiry into Australia's trade with the Middle East.

At the institutional level the University has significant linkages with leading research and educational organisation in the Middle East. We have an Arabic and Islamic Studies Department offering majors in studies of the Arab world, Islam and the Middle East, Arabic language and literature. We also have a large number of academics across diverse fields with strong expertise connections with the region and relevant to it.

Our currently engagement in the Middle East is focused on the six countries of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Saudi Arabia, Qatar and the United Arab Emirates) with some interest also in Iran in relation to the recruitment of high quality research students. Our activities are centred on building stronger people-to-people links between Australia and region by promoting the University and Australia as a high quality educational destination and source of research expertise. In addition to our student recruitment activities in the Middle East, we are actively seeking out mutually beneficial research, consultancies and other partnerships with governments, industry, NFPs, universities and other organisations.

Fields where we see current or emerging synergies of interest between the region and Australia are in engineering broadly; urban and social service planning; agribusiness; soil science and salinity; renewable energy; the food-water-energy nexus; and the whole spectrum of health issues. We observe particularly strong expansion and investment in the health systems across the Gulf States. This is likely to continue as their middle classes expand, the burden of lifestyle related diseases grows, and community expectations about the quality of health care increase.

Australia should be well placed to take advantage of emerging opportunities for trade in goods and services with Middle Eastern countries in a wide range of areas. Our capacity to do so over the long term, however, will depend on the quality of our formal and people-to-people links with the region, and the extent to which we invest strategically in a new generation of leaders who have a strong understanding of Arabic culture, politics and languages.



We see significant potential for the Federal Government to deepen and strengthen Australia's social and economic ties with Middle East by utilising the expertise and resource of its universities more fully and effectively.

Please do not hesitate to contact Mr Tim Payne, Director, Policy Analysis & Communication in my office in the first instance if you require anything further from the University of Sydney.

Yours sincerely

Michael Spence



The University of Sydney, Submission to the Trade Sub-Committee of the Federal Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade - Inquiry into Australia's trade with Middle Eastern countries

1. What are your priorities and objectives in the Middle East?

The University of Sydney statement of purpose is:

"We aim to create and sustain a university in which, for the benefit of both Australia and the wider world, the brightest researchers and the most promising students, whatever their social or cultural background, can thrive and realise their full potential."

Fostering international engagement with governments, industry, other educational institutions and communities is one of the University's core strategies for realising its goals. As part of this strategy, the University's primary objectives for engagement with the Middle East are focused predominantly on the six countries (Bahrain, Kuwait, Oman, Saudi Arabia, Qatar, United Arab Emirates) of the Gulf Cooperation Council (GCC-Gulf States). Our strategic goals for the region include:

- **promoting** the University's brand in the region as an institution of high quality education and research;
- **fostering** research and educational collaborations with the region's leading universities and research institutes;
- **developing** industry and government linkages in identified areas of mutual national interest to address specific challenges facing our regions especially the food-water-energy nexus and healthy societies; and
- **building** stronger people-to-people links, for example by: attracting more high quality students - especially at the postgraduate research level; encouraging internship opportunities for our students to experience living and working in the region; increasing opportunities for our Arabic language students to engage in a study and language stay in the region.

Education providers in the US and the UK remain our main competitors in this region. As the population of the Middle East continues to grow and the demand for higher education accelerates, prospective students are increasingly looking to new study destinations. Positioning Australia and the University of Sydney in this space is one of our core objectives.

Our other major partner in the Middle East more specifically for student recruitment has been Iran, a strong market at the postgraduate research level. Our activities in this region have been impacted by the United Nations Security Council sanctions regimes, the Defence Trade Controls and the Autonomous Sanctions regimes.

Partnerships with the Gulf States are being developed in collaboration with the relevant government ministries, in-country non-government organisations, research institutes and universities.

The University of Sydney has a group of academics from Middle East background who have particular research and/or outreach interests across the region. Additionally, we have experts across faculties who have specific knowledge sets that can address common issues facing our regions (such as in health, agriculture, engineering/energy) and are actively pursuing linkages specifically with the Gulf States. The University of Sydney has an Arabic and Islamic Studies Department offering two majors: Arab World, Islam and the Middle East and Arabic Language and Literature.



2. What is the nature of your existing trade and investment relationships with countries of the region?

Australia-Gulf States trade and investment relations are growing, especially with the United Arab Emirates (UAE). The strong ties we have in the airline industry with Emirates Airlines and Etihad Airways and the growth of direct weekly flights between Australia and the UAE are prominent recent examples of this growth. There are also developing opportunities with the Kingdom of Saudi Arabia and Qatar especially in agribusiness areas and infrastructure development.

Our major relationship with the countries of the region is in education and research cooperation including consultancies to industry (particularly in engineering related areas). There is significant investment occurring in the Gulf States to develop “a research culture” and build associated national research funding schemes. The research capacity and output of Gulf States universities is relatively low. Developing research collaboration with the region will not only assist regional institutions to strengthen their research culture, but build deep and lasting relationships that are of importance academically and to bilateral relationships. Positioning Australia and our research expertise is an important activity in which to engage include developing specific joint funding schemes in targeted theme areas to address joint challenges facing our regions.

There are also large investments occurring in the Gulf States in building new higher educational institutions and fostering strong international partnerships. It is important that Australia takes an active role in these opportunities.

Over the last three years high level University of Sydney delegations have visited the Gulf States region on an average of twice a year. The objectives of these visits are to raise the profile of Australian education and research, and the University of Sydney. While we observe that there is general goodwill to Australia, there is generally a low level of awareness about our research expertise and the quality of our educational institutions. Leading US and the UK higher education have higher profiles and remain preferred options for the best students from the region and research partnerships.

Encouraging and increasing people-to-people exchanges/interactions at the government, industry and academic level is an important part of our activities. Building trust and cooperation in this region is a slow process and requires patience and many return visits.

In relation to the critical food-water-energy nexus (an area of great mutual interest to Australia and the Gulf States) we have found strong interest to explore the range of our expertise in these areas. Australia, by nature of its physical environment, climate, and reliance on fossil fuels for energy, is facing similar challenges to the Gulf States. We have actively pursued industry linkages in Saudi Arabia, UAE and Qatar with oil and gas companies and related downstream industries and with agribusiness. We have targeted specific universities in the Gulf States and sought to develop cooperation resulting in 2014 in joint workshops in themed areas including energy, food security and health related areas including breast cancer awareness.

With regard to the Health sector, huge expansion and investment is occurring across the Gulf States. Australia is well positioned to share lessons learned, and to help educate a new local health professional workforce. We have been engaging with health providers (hospitals) and government Ministries to provide expertise in education training in health sectors and to develop a research culture.

Our researchers have received funding from Foundations (Al Qasimi Foundation, UAE) and from universities (KAUST, Saudi Arabia) to develop joint research with local partners and communities. We are now working on models for cooperation with a number of these industry groups to provide research expertise in designated areas of strength of the University of Sydney.



Expertise of academics provides an immensely valuable resource for helping to complement the work of government, promote informed debate and develop sustainable solutions. There is significant potential for the Australian Government to deepen its relationship with the Middle East region by utilising this resource more fully and effectively, for example, by supporting educational and research links between the university sectors. We are concerned, therefore, by recommendations in the recent National Commission of Audit that the Australian Government should reconsider its levels of support to foster international research collaboration.

3. What are the emerging and possible future trends in these relationships?

As the Middle East's population and middle class grow and urbanisation spreads, potential areas for collaboration between Australia and the region will continue to increase.

The expertise of Australian researchers and agencies can assist in addressing Gulf States challenges caused by arid and poor soils, development of renewable energy sources, water degradation, urban planning, sustainable cities and important health concerns such as diabetes, obesity and cardiovascular disease. Developing human resource capacities, a culture of innovation and entrepreneurship, language and cultural competencies are all potential areas where Australia can provide a contribution.

Investments in higher education and research sectors by the Gulf States and in cementing their international partnerships means that Australia needs to work at positioning its willingness to partner and to profile the expertise in our universities. As Gulf States industry grows we also need to develop new networks, building bridges with industry leaders and seeking partnerships to add value to their business operations.

Australia can do more to connect our trade, innovation, research, and development sectors by:

- **offering** extensive expertise to help the region address challenges that are common to both regions;
- **sharing** academic knowledge and experience to support policy development, public service capacity building and delivery.

4. What are the barriers and impediments to trade and investment with Middle Eastern countries for Australian businesses, including examination of supply chain costs?

Two key barriers hindering our relations with the Middle East are a lack of awareness of each other's culture and society, and the generally low visibility of Australia in the region compared to key competitors from North America, Europe and increasingly Asia. Successful and meaningful engagement requires increased cross-cultural understanding. This can be achieved through initiatives to strengthen social, cultural and people-to-people links between our regions, promoting a deeper understanding of the diverse and immensely rich history, arts, culture and people of the region.

The Australian Government could assist greatly by doing more to support Australians who are pursuing Arabic language studies and Arabic and Islamic Studies. It could, for example, provide resources and incentives for more Australian professionals to acquire necessary language proficiency and knowledge about the Middle East. Such skills will be important to overcome misperceptions and widespread lack of knowledge of the diverse economies and will improve the ways in which business and political interests are expressed and understood.



Another challenge to advancing our relationship with the region and specifically across the Gulf States is the perception that the Australian higher education sector is not competitive with the US and UK systems. Australian higher education providers need to work more effectively together to strengthen the international reputation of our education system.

Australia has had formal diplomatic relations with the Middle East region, and specifically Gulf States, for decades. We could further foster these relationships in the Gulf States by having a dedicated diplomatic mission in Qatar and Oman and fostering annual government bilateral policy dialogues between Australia and the GCC.

To preserve our long-term interests with key strategic and trading partners we need to create a Middle East-informed generation of policy makers and business professionals across sectors. This should include government at State and Federal level, corporate, non-government organisations, education and culture. To summarise, the key barriers and challenges to progress our relations are:

- ***inadequate*** understanding of Middle East region across sectors including government, corporate, non-government organisations, education and culture;
- ***perceptions*** of Australian higher education as second rate to the US and the UK;
- ***increasing*** government-to-government policy dialogues and diplomatic missions in the Gulf States.

5. What are the opportunities for deepening existing commercial and cultural links, and developing new ones, with the countries of the Middle East?

Sustaining relationships with Middle East student alumni of Australian universities should be a key strategy to maintaining people-to-people links as well as economic and political links, as many alumni go on to occupy influential positions within their home countries. The Saudi Arabian King Abdullah Scholarship Program (KASP) has allowed 11,000 Saudi students to have an Australian educational opportunity. These students are a wonderful resource for Australia. They are our best asset in the region as Ambassadors for promoting interest and understanding about what Australia has to offer.

It is primarily the responsibility of individual universities to maintain relationships with their alumni. Given the important role that alumni will have on their return to their home countries, DFAT should play a more central role in coordinating these networks in collaboration with the sector.

Additionally, the Middle East population in Australia is significant and to date we have not fully utilized this community to raise awareness of Middle East society, nor do we engage them sufficiently and appropriately in cultural activities. The relevant regional Chambers could play a stronger role in supporting bilateral linkages and we should also encourage internship programs to Middle East/Gulf States and Australian students that can give them invaluable international work experience and a better understanding of each other's culture and society.

Australians living in the Middle East region, specifically in the growing economies of the Gulf States constitute a valuable resource. It would be of great help to Australian universities if government support for a broad-based internship program were established that could be accessed by Australian students.

There are various channels through which the Australian higher education sector can strengthen people-to-people links between Australia and the Middle East. These include: education provision for Middle East students; developing Arabic and Islamic Studies and broad Middle East regional literacy in Australia; research collaboration; and alumni networks.



6. What is the role of government, including DFAT and Austrade, in identifying new opportunities and assisting Australian companies to access existing and potential opportunities in the Middle East?

The key role of government, specifically Austrade and DFAT, in assisting development of Middle East engagement, is to encourage a new generation of leaders who possess the language and cultural skills necessary to further our bilateral relationships with these countries. Cultural fluency is just as important as language proficiency. Mechanisms to achieve this include short term executive, academic and government study/exchange programs, exposing each other to business, academic and government environments. Additionally, supporting development of Arabic and Islamic student programs and short term internships and mobility programs to the regions is important.

It is also important to highlight and support long term relationships between the regions, identifying shared challenges and Australia's unique expertise to add value in working together to address these commonalities. In order to do this government agencies need to support bilateral longer term, strategic research and development programs.

Personal and institutional relationships would flourish more effectively if visa obstacles specifically to the Kingdom of Saudi Arabia were removed or streamlined in line with other GCC states which allow visas on arrival. Whilst obtaining a tourist visas to enter the region is fairly straightforward, other visas (such as research permits and for working holiday visas) are time consuming and complicated to obtain. To increase internship opportunities for our students, a streamlining of short term work visas across the Gulf States would be of benefit.

There is great potential for Australia to do more to connect trade and investment, innovation and research development.

Australia is well placed to assist and collaborate with the Middle East and specifically the Gulf States in the following areas:

- Health care, especially diabetes, cardiovascular disease and obesity
- Infrastructure
- Corporate Governance
- Education
- Renewable energy
- Environmental protection and resource management
- Arid land agriculture

May 2014