



Submission No 7

Inquiry into Australia's trade and investment relationship with the economies of the Gulf States

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A submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade: Parliament of Australia

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**Melbourne
26 February 2004**

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Inquiry into Expanding Australia's Trade and Investment Relationship with the Economies of the Gulf States

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Abstract

This is a submission to the Joint Parliamentary Standing Committee on Foreign Affairs, Defence and Trade on how to improve Australian business performance and maximise the opportunities for growth of our trade to the Middle East and particularly the Gulf States. It adopts a perspective significantly different from conventional approaches. Its thesis is that cross-cultural communication in combination with other strategies can have a positive and in some circumstances decisive impact on Australia's trade performance outcomes. It argues that Australian companies' lack of understanding of and competency in Middle East culture and communication patterns is one of the main barriers, if not the most important barrier to operating effectively in these markets. Although there is an emerging acceptance of this perspective by Government, Australian companies on the whole seem largely unresponsive to it, arguably because they are unconvinced of its efficacy. For purposes of specificity, the submission offers examples to illustrate the problems faced by particular export industries, discusses the nature of these problems and offers possible solutions based on cultural reference, with due regard to commercial imperatives and strategies. These examples include live sheep and Halal food exports. It highlights the U.S. Intervention and occupation of Iraq, discussing it in the context of trade opportunities and challenges for Australia. The high population trends in the Gulf when combined with high disposable incomes point to increasing demand for goods and services. Emphasising the similarity in climate and geography between Australia and the Gulf, it is argued, can be highly advantageous. The submission also proposes ways in which certain types of investments characterised as "ethical investments" can be attracted to Australia. It posits the need for cross-cultural communication skills, competencies and strategies to effect improvements in our trade performance and calls for the establishment of a centre for Middle East Business Development.

Introduction

Australia has considerable political, commercial and strategic interests in the Middle East. Nowhere are these interests more prominent than in the Arab countries which constitute the overwhelming majority of countries in the Middle East.

Australia enjoys significant trade with the Middle East. Between 1995 and 1999, Australia's exports to the Arab Gulf States alone grew by 19 per cent per year. This was 50 per cent higher than the overall Australian export growth.¹ Merchandise exports in 2003 were 40% above their level in 1998-99.² It is generally recognised that there is immense potential for future growth of trade to the Middle East. However, it is acknowledged by the Department of Foreign Affairs and Trade that the general level of knowledge by Australian Business of the current trade relationship and the growth opportunities afforded by the Middle East is relatively poor.³ The Department also identifies social and cultural relations with the Middle East as a major area which needs to be addressed in the future.⁴

Reflecting the importance of this trade for Australia, the Government is actively looking at ways in which opportunities for export can be maximised. This was one of the main reasons why DFAT has recently established the Council for Australian Arab Relation (CAAR)-see below. It is also significant that the Joint Parliamentary Standing Committee on Foreign Affairs, Defence and Trade is currently conducting an inquiry into how this trade can be improved and particularly what the Government (i.e. DFAT, Austrade and EFIC) can do to assist "Australian companies to maximise opportunities in the Middle East as they emerge".⁵

A major weakness of Australian companies and one which has been manifest over the years has been their lack of cross-cultural communication skills to operate effectively in Middle Eastern and particularly Arab market environments. The tendency has been to regard culture and trade as separate domains when in fact they are integral- at least in relation to the Middle East. The Government seems to have come to recognise the importance of the cross-cultural communication dimension as a key strategy in improving Australia's trade performance in the Middle East- a point I have been putting forward over many years.

The Political Context: Opportunities and Challenges

Within the Middle East and in the Arab world, the Arabian Gulf (including Iran) stands out as the area where our export trade has experienced the most dramatic growth. Current indications are that the potential for further growth is likely to remain strong. Recent disaffection and resentment by Arab countries with U.S policy towards the region and particularly the manner of its intervention in Iraq may induce trading, educational and other institutions to look at alternative sources of supply of products to the region. (It is a resentment shared by the populations of Muslim countries worldwide). Already for many wealthy and middle class individuals, the U.S is no longer a desirable tourist destination, due in part to what they see as unwarranted excessive restrictions and controls on entry into the U.S. While many consider the U.S in its current orientation as "hostile" to their presence as tourists, students and businessmen by contrast in Asia particularly in Malaysia not only is there no apparent hostility but more importantly they feel welcome. From a trade perspective alone, Australian market opportunities may well be enhanced by these developments. Furthermore the combination of our lower exchange rate relative to the U.S dollar, the high quality of our goods and services and their suitability to the Middle East environment add up to a considerable set of attractive and rational factors which can influence decision makers in these countries to look at Australia as an alternative source for their imports.

It is not clear whether our unequivocal support for U.S. highly interventionist foreign policy will have an impact on our trade relations with the Middle East. What is clear however is that our support for U.S. policy of pre-emption, its invasion and occupation of Iraq and perhaps to a lesser extent our treatment or rather maltreatment of refugees from Arab and Muslim countries is viewed by many Arabs and Muslims with considerable disfavour and has certainly diminished our standing in the region. This is not to argue that

Arab negative attitudes towards Australia's policies will invariably have adverse implications for our exports rather than they are unhelpful in advancing our trade interests. If such perceptions are not challenged and attempts made to reverse them they have the potential overtime to erode goodwill and even become a source of misunderstanding only when pressures and difficulties arise in that relationship. Such an outcome is unlikely to arise as a direct result of this scenario in the foreseeable future.

Population Growth and Potential for Trade

The wealth of these countries generated by the possession of vast oil resources has resulted in phenomenal development and modernisation in the last thirty five years. The high consumption patterns characterised by these economies, which accompanied this development, has been significantly stimulated by a high growth in their populations. According to United Nations medium variant population projections there is a pattern of high growth rates in many overwhelmingly Muslim populations. These rates appear to be most pronounced in countries such as Saudi Arabia, Kuwait, Iran, Qatar and the United Arab Emirates, among others-see appendix. ⁶

The highest rates of growth over the past forty five years are found in the oil exporting countries of West Asia. For example the UAE had a mean annual growth of 7.7 per cent between 1950 and 1995. This exceptionally rapid growth was fuelled by high rates of fertility and immigration. Among the Gulf countries which are the subject of this inquiry, extremely high rates of growth were also estimated for Qatar, Kuwait, Saudi Arabia and Oman-see appendix.⁷ Current population trends and consumption patterns when underpinned as they are in the gulf by high disposable incomes point to continuing high demand for many products. Given these trends Australian companies must be proactive, show determination, ingenuity and foresight to capture a larger share of the growing and lucrative markets of the Gulf States than we currently have. Significantly they need to adapt not only to the existing conditions and norms of the market, but also to the social, economic, political and demographic changes in these countries.

Australian exports to the region have traditionally been dominated and continue to be dominated by primary products such as wheat, live sheep and meat products. Fifteen years ago all other exports were small by comparison. In more recent times Australian companies have gained significant market share in non farm products. No other industry better illustrates successful export performance than that of the car industry. What makes this success even more remarkable is that it has been achieved in a very short period of time. It points to the immense opportunities that can be had if concerted efforts are made to capture a much bigger share of the regions markets than that we currently have, not only in terms of significantly expanding the volume of trade in the products we currently export, but also in finding markets for a wide range of goods and services we do not presently export or export only in small quantities. While the present inquiry is limited to the Gulf countries and Iraq, there is no reason why we should not broaden the scope of our export drive to include the oil exporting countries of Libya and Algeria. While the latter is Francophile in so far as its trade is concerned, there would be considerable demand in Libya for our primary products, our technology and our know-how. However

it requires concerted effort to expose our products to and create the necessary conditions for success in the market place. The recent visit by the Minister for Trade to Libya is an important step in that direction.

Common Characteristics as a Promotional Tool

Of course our major focus must be on products in which we have or are likely to have obvious or developing-cum-emerging comparative advantage. In comparison with our competitors, Australia has greater similarity in climate and in physical geography than our competitors have with the countries of the region. Arguably, given these conditions many of our products and services including our technologies would be better suited to the Middle Eastern environment than those of our major competitors. For example it can be reasonably argued that our cars and other machinery made as they are to withstand Australia's harsh physical terrain and its hot climate can suit the similar conditions prevalent in the Middle East better than for example cars made for cold conditions of European environment.

Such common characteristics as we do have with the Middle East constitute an important comparative advantage our goods and services can have over other competing goods and services. And there is no reason why these factors should not be stressed as a marketing tool for promoting our products in the Middle East. It is a strategy which if the underlying facts are correct is likely to create at least a favorable disposition towards Australian products and consequently it is hoped will result in significant improvements in our exports. In fact it would be hard to find a set of conditions more compelling as a marketing tool to give a competitive edge to many of our exports. The products which may utilise this strategy effectively are to name a few:

- Building and construction industry
- Car manufacturing industry
- Exploration, drilling and extraction of oil and gas
- Dry land farming
- Irrigation technologies
- Horticulture, reforestation/combating soil erosion
- Tourism
- Education and training services
- Halal food and beverages

By themselves the similarities in conditions of climate and geography do not make for sufficient conditions to substantively affect purchasing decisions of Middle Eastern consumers to buy Australian goods and services. Important though it is, it is one of many factors which can bring about the desirable outcome of substantial export improvement. In fact in some circumstances the converse of the above proposition may equally be true. In other words it is not only similarities in conditions or natural endowments that can positively influence purchasing habits; even marked dissimilarities in these conditions can attract the nationals of one country to want to buy/consume the products of another.

Halal Food Exports

Our comparative advantage is perhaps most prominent in Halal food exports. It has been relatively free of the kind of problems faced by live sheep exports particularly those destined for the Saudi market. But it also has its own unique set of problems though not of the same magnitude as live sheep exports. A detailed exposition of those problems is contained in my recent report to peak meat industry organisations entitled "Islamic Societies that Monitor and Certify Halal Food Exports in Australia: A Framework for Reform" -- copy of which is attached.⁸ A more rigorous report on the subject in terms of evidence is contained in the 1982 Report of the Royal Commission into the Australian Meat Industry.⁹

No other field of commerce exemplifies the overwhelming role culture (in this case religion) plays in trade with the Middle East than Halal food exports. Halal and Haram are composite principles central to Muslim law. Forming part of a complex scale of moral evaluations, they address both the spiritual and material concerns of mankind. They constitute the practical application of the Islamic belief system, giving expression to core cultural and moral imperatives.¹⁰

In food and beverages the Halal requirement signifies the adoption a standard system of rules in for example their production, manufacture, processing and transportation, which can then be validated as having a Halal status.¹¹ Despite our long engagement in the Halal food trade, our export businesses have a poor grasp of Halal principles and procedures. For Muslims Halal is universal system, for some Australian export businesses it is little more than multifarious product specifications. For others it may seem that Halal is in concept and application arbitrary and inconsistent. Importantly there are understandable reasons why such thinking is prevalent and it is not always the fault of the exporters.

Fulfillment of Halal requirements in Australia is overseen by approximately 19 Australian Islamic societies who monitor and certify Halal exports. These are accredited by overseas Halal authorities in importing countries. But a major problem which the Halal export establishments face stems from the structures and operational performance of these societies which have a lot to be desired—problems which can have adverse implications for our Halal exports if they remain unaddressed.

Whether by coincidence with or as a consequence of my report, the problems posed by the Islamic societies and the deficiencies in the system of certification are being addressed by relevant industry and Government organisations. Aus-Meat has recently conducted a review of the system presumably on behalf of the Halal meat export industry and the Commonwealth Government.¹² One of the major outcomes of the review is the establishment of an Australian Red Meat Industry Halal Committee (ARMIHC). The committee will be comprised of six members from peak industry organisations, one from AQIS and four from Islamic societies.

The Islamic societies have been invited to the AQIS office in Canberra on 9 March 2004 for comment on the review.¹³ In my view they are unlikely to offer alternative ideas due in part to the weakness of their position and in the apprehension that expression of a dissenting view may be interpreted as opposition or resistance to the review. Quite apart from the problem of representation and consultation in relation to the conduct of the review, it is possible to present sound and possibly more appropriate alternatives than those in the review. In fact it is possible to contest the basis for the determinations in the review.

Halal is a religious concept embedded in Muslim law, *the Sharia*. It is the preserve of Muslims to fully manage and control Halal and its processes. Seen in this light, the form of the entity (i.e. ARMIHC) established through and other determinations made by the review can give rise to the perception that Halal in Australia is being controlled by a non-Muslim entity. Most Muslims would be averse to and may not accept a non-Muslim organisation or an organisation with a minority Muslim representation making decisions on Halal food. This would be viewed as an obvious but nonetheless avoidable weakness in the Halal system. As such it has the potential to diminish the confidence of Muslim consumers in our Halal exports if it becomes widely known in Muslim countries. It would be advisable if both industry and Government distanced themselves from direct involvement in management and control, other than where legal issues are concerned. They can in fact achieve the desired outcomes without direct intervention. In other words it is possible to have subtle and meaningful influence without necessarily imposing an intrusive control and compliance regime.

In my report and in subsequent communication to the review committee I have stressed the need for industry and Government to establish or help establish a Halal Standards Australia (HSA) which is independent from industry and Islamic societies and importantly with oversight powers over the latter. This proposition as a model is in marked contrast to the one presumably adopted by the review committee which is dominated by industry representation—an industry which paradoxically the Islamic societies with minority representation have to monitor and certify their products for export. This is not to question the validity of the review much less its objectives and the outcomes it wants to achieve in the Australian context. Rather it is to show how in the context of a different culture and its norms-- in this case Islam--certain postulates and desirable goals can be rendered to have a wholly different interpretation. For reason stated above, even within the norms and standards of conventional organisational models it would be more preferable to have an independent organisation like HSA to oversee Islamic societies than one like ARMIHC whose membership composition raises serious questions about its independence from industry.

Australia needs efficient and competent Islamic societies or Halal monitoring and certification organisations that can enhance our reputation and are capable to place us in a position of leadership in the global Halal food market. It is unlikely that the existing certifiers have the ability or the will to strive towards these objectives. Australia's reputation as a reliable and competent Halal producer and supplier reached its height

between 1995 and 1999- a reputation which has since diminished considerably. Through a conscious and deliberate strategy (by one leading Halal organisation for which I was a consultant) we have been successful in attaining an acknowledged position of leadership in the Halal importing world. In that period Australia held three International Halal conferences which were attended by Halal authorities in importing countries, Halal certifiers in Australia, New Zealand, Asia, Africa, the United States and European countries as well as Australian exporters and overseas Halal importers. The 1995 and 1996 conferences were the first of their kind for business in the world.¹⁴ Later other countries (Indonesia, Malaysia, Singapore the U.S, France and other European countries) emulated the Australian initiative, resulting in the emergence of an international Halal conference circuit. (My role in these activities was that of principal organiser, editor of conference papers. I have also conceived and developed most of the initiatives in concert with a leading Australian Halal organisation). It is important to note that Indonesia held a Halal conference in early February 2004 and there is a forthcoming European Halal exhibition scheduled for June 2004. The last time Australia held a Halal conference was in 1999. It seems we have relinquished our leading position at least in staging Halal conferences and with it our reputation due at least in part to lack of encouragement and support.

There were other clear indications of the leadership position Australia had assumed in the field of Halal. Responding to the need by the industry for uniformity in Halal standards and procedures, Australia proposed and other countries accepted the idea of establishing a Halal World Food Council (WHFC) for that purpose. An Australian Islamic Society was elected by Halal authorities overseas as its first Secretary. The same society was assigned the task of devising the establishment of the WHFC and drawing up the framework for its constitution. As a consultant to that society, I completed both tasks in time for a meeting of Halal authorities in early 2000 in Singapore where it was unanimously approved. The head quarters of WHFC is now in Indonesia.

Investment and Finance

I have no particular knowledge or expertise in investment and finance per se. However I would like to make a few comments on how Australia can attract investment funds from the Gulf States in the context of Islamic culture.

Halal is a religious concept/principle which has its clearest expression and implementation in the preparation and consumption of food and beverages. Its application as a moral imperative is wider in scope and extends to all human actions, in as much they can be characterised as Halal or other—i.e. non-Halal—in the scale of moral evaluations. Halal is therefore equally pertinent to food and beverages as it is to investment, banking and finance. The most well known principle in Islamic banking and finance is the prohibition of interest. Despite the prohibition however observance of the injunction on interest varies considerably, and depends largely on the degree of religiosity of the individual. However the injunction against interest does not mean that there is no return on investment or bank deposits instead there are alternative principles on which returns on investment, loans or deposits are based such as *shirkah* and *Mudarabah* and even

commission. Islamic banks throughout the Middle East and Malaysia, utilising these principles have proved successful over the years. I am informed that Australia's ANZ bank in its branch in Bahrain offers Islamic banking services in accordance with these principles.

From an Australian perspective it is possible to approach these principles, particularly in relation to investment as ethical investment. From that point of view, ethical investments may be incorporated into a broader scheme or strategy of attracting investment funds from the Gulf States to Australia. It is very likely that such flexibility will enable Australia to capture a larger share of the investment outflow from these states than would otherwise be the case. Some investors may require validation by a Muslim knowledgeable in the field that their funds and the returns made on those funds have met the ethical investment criteria and are in essence Halal. For other investors it may be sufficient that they are informed that the funds have been directed to the prescribed area which had been agreed upon in advance.

One industry which would be appealing to Gulf businesses to invest in is the Halal food industry. Its appeal lies in the fact that no ethical issues will arise in making the investment decisions. The only major consideration would be the likely financial returns on that investment. It is therefore important to develop a broad and comprehensive strategy which incorporates these cultural approaches to investment and export of Australian goods and services to the Gulf.

Live Sheep Exports

In 2002 live sheep exports accounted for 98% of our total sheep exports, worth \$400 million.¹⁵ Live sheep exports are undoubtedly the most difficult area to deal with in our trade relations with the Gulf States (excluding Iran). The problems of this trade are ongoing and complex. Often it is difficult to locate the source of the problem when a consignment of sheep is rejected. Almost all the rejections are by Saudi Arabia. Once a consignment is rejected by Saudi Arabia other Gulf Cooperation council members i.e. Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates (UAE) often, if not always do the same with serious consequences for the trade and the sheep. The most recent example is the consignment of 57,937 sheep on *Como Express* which was rejected by Saudi Arabia when it arrived in Jeddah on 21 August 2003.¹⁶ Neither the Gulf States nor others in the region would allow disembarkation or accept it as a gift from Australia. Similar rejection by Saudi Arabia in the past had resulted in the suspension of the trade for eleven years, from 1990 to 2000. However, except for an initial turndown in sheep exports due to the rejection, they later recovered, showing strong performance.¹⁷ This was due at least in part to the transit of our sheep exports through third countries to Saudi Arabia.

The effect of the rejection of sheep exports on farmers is considerable. Since the closure of the Saudi market in October 2003, wether prices in W.A for example fell by \$10.00 to \$20.00 per head. This, according to the Livestock Export Review of 23 December 2003,

highlights the significance of the livestock trade in providing market competition with improved returns to producers.¹⁸

The publicly stated grounds for rejection by Saudi Arabia was in the past, as at present, that the sheep is infected with "scabby mouth". In the recent case, Saudis claim it was above the 5% normal acceptance level for Saudi Arabia. This contrasted sharply with the Australian estimate of less than 0.4% and with the OIE (World Organisation for Animal Health) assessment, which subsequently confirmed the overall health of the sheep.¹⁹ And if in the light of this revelation, we discount scabby mouth as the reason, then the question is what is it? At this point it is no exaggeration to characterise it as, "a mystery wrapped in mystery".

Beyond speculation and unconfirmed reports, Australian Government and industry admittedly do not know the real reasons for the rejection of sheep exports by Saudi Arabia. This is true of the rejections in 1990 and the recent one of 2003. If that is the case, then it would be reasonable to say that there was in the past and continues to be at present a failure of commercial intelligence as well as failure of communication or rather cross-cultural communication. After so many years we should have been able to identify both the reasons for and the source of the rejection. Identifying the problem is an important part of finding the solution to it. But it appears that we are no nearer to identifying the problem than we were 14 years ago. And it is difficult to offer an explanation why a cultural approach is not adopted or at least trialed, other than to assume that there is resistance to it, either because policy makers are not convinced of its efficacy or that it falls beyond the norms of conventional wisdom and practice.

I have had an interest in this issue for sixteen years and have written to the industry, in the press and delivered conference papers on the subject proposing a cultural approach to the problem.²⁰ That cultural approach is one which utilises traditional cultural codes, concepts and cross-cultural communication techniques and strategies to achieve specified objectives. It does not by itself assure the desired outcomes, but when combined with other strategies based on commercial principles can be an effective tool to create the conditions for success.

The problems of live sheep exports are further compounded by animal welfare activists, some of whom want the trade to be completely abandoned. They have succeeded in creating a widespread perception, wholly unjustified, that Middle Eastern peoples and their Governments have a culture of cruelty to animals and have no regard for their welfare. To achieve their aim they have recently contaminated the feed for a consignment destined for Kuwait with pork. In doing so they have succeeded in delaying the shipment. But following tests carried out on the sheep, those that were deemed not to have been contaminated were shipped to their destination. While I thought the relevant authorities had acted properly and expeditiously, I was somewhat concerned that there were no reports in the media that a Muslim leader or Halal organisation was present to validate the process and endorse the sheep as having Halal status. In the case of live sheep which normally does not require Halal approval this kind of validation is necessary only if contamination arises as an issue. If a Muslim inspector was not present in the

circumstances then it throws into question the Halal status of the whole consignment. Muslims would consider it as non-Halal and therefore unfit for consumption. Importantly such a scenario has the potential to undermine Muslim consumer confidence and have wider adverse implication for the live sheep trade.

Other welfare activists concerned about the suffering of the animals during trans-shipment and subsequent disembarkation would like to see a more humane way to conduct the trade. Many Muslims and their Government would, I believe, share these concerns and would have considerable sympathy for their view. It should therefore be possible to find solutions to minimise suffering of the animals in cooperation with the relevant authorities in the Middle East. While it permits the killing of Halal animals solely for human sustenance albeit in a humane manner, the position of Islam is that animal welfare is of paramount importance. What this means is that the dominant culture Islam and its institutions do not condone the infliction of pain and suffering on animals beyond their killing humanely for sustenance. It does not mean however that in practice cruelty to animals is not widespread in many Middle East countries despite Islamic injunctions on their welfare. The point I wish to make is that in the context of Islamic culture it should be possible to resolve animal welfare issues cooperatively with the countries in the region. And the emphasis in approach should be on what that culture sanctions in animal welfare. This approach is more likely than any other to overcome in the longer term some of the major difficulties facing the live sheep industry.

Need for Cross-Cultural Communication Approaches

Cross-cultural communication can be a useful and effective tool that can significantly improve our trade relations in the Middle East. In combination with other strategies it can create the conditions for improved Australian business performance in the region's markets. In the Middle East culture plays a significant role in conducting business affairs. The literature on the subject is replete with examples of how easily miscommunication can occur across cultural boundaries. Apart from the manifest cultural patterns, the importance of background assumptions and cultural norms have long been recognised as the most difficult area in negotiating across cultures. Middle Easterners on the whole do business, make friends, maintain relationships and manage conflicts in ways that are different from Australians.²¹ They differ in their work habits, expectation and how they make decisions. One difference by itself is not overwhelming but the complex of multiple demands can pose a considerable challenge.

In the context of the preceding discussion the Government can do a great deal to assist in improving Australia's trade performance, where and when possible, in concert with export businesses. At the broadest level it can encourage businesses to adopt attitudes, orientations and a world view consonant with the way Middle Easterners do business- an approach which the Government itself needs to adopt to advance Australia's commercial, diplomatic and strategic interests in the region. We need to have targeted strategies suitable for the Middle East market environment. In the light of this we have to re-evaluate whether existing structures, practices, and resources are being effective in maximising our goals. There are certainly identifiable deficiencies in our approaches, at

least from a cultural perspective, even though we may point to demonstrable successes such as that of the car industry.

Proposal to Establish Centre for Middle East Business Development

One of the most important initiatives that the Government may consider is to establish a *Centre for Middle East Business Development* in one or more of our major universities.²² Establishing such a centre would be a unique opportunity for a productive partnership between the Government, export business, and the universities. Management of the centre will reflect this partnership. It is also important that this partnership be concretised in the form of funding contributions from all the partners- with the Government providing the major contribution. The primary objective of the centre is to offer innovative and practical programs that will enable business clients develop multiple competencies in cross-cultural communication and other relevant field of study. In this and other ways the centre will be an active contributor to Australia's trade development and to enhancing its trade performance in Middle Eastern markets. I have submitted a proposal to establish this centre to the Dean of Arts Deakin University; the Dean of Melbourne Business School and Director of the Institute of Asian Languages and Societies, University of Melbourne- copy of the proposal to one of these institutions is attached. I have not had a response to the proposal.

Conclusion

It is important to qualify some of the points made in this submission regarding the deficiencies in our approaches and strategies. It is misleading to say that they are wholly or substantively inappropriate or inadequate. The reason why positive aspects are not sufficiently emphasised is that this submission concentrates on the weaknesses that need to be addressed so that better outcomes are achieved in our trade performance. These weaknesses are most conspicuous in the field of cross-cultural communication. And it is important in this context to acknowledge the efforts of the Government and the high quality of its strategies to improve trade with Middle East. It is commendable that the Government has recently (in October 2003) established the Council for Australian Arab Relation.(CAAR). Particularly significant are the objectives of the Council with emphasis, on fostering and strengthening political, trade and cultural "people to people" relations". (It is by no means a criticism of CAAR or the Government that it appears there are no individuals with links to the Australian Arab Muslim community represented in council). It is also indicative of the increasing importance we attach to Middle East trade that the Joint Parliamentary Standing Committee on Foreign Affairs, Defence and Trade is examining it and particularly looking at ways in which the Government can assist Australian companies maximise trade opportunities in the Middle East. These are welcome developments which augur well for the future of our trade relations with the region.

End Notes

- ¹ Department of Foreign Affairs and Trade 2000, *Accessing Middle East Growth: Business Opportunities in the Arabian Gulf and Iran*, Canberra.
- ² Council of Australian Arab Relation (CAAR) 2003, *Study into Trade between Australia & the Arab World: Scoping Document, Version 6*, Canberra.
- ³ CAAR, *Scoping Document*, p. 6.
- ⁴ CAAR, *Scoping Document*, p. 6.
- ⁵ Joint Standing Committee on Foreign Affairs 2004, Defence and Trade, Terms of Reference, Canberra.
- ⁶ United Nations, "World Population Assessment and Projection, edn 1996 at <http://www.iisa.ac.at/research/LUC/Papers/gkh1/chap1.htm> 2000 p.5.
- ⁷ United Nations, *World Population Assessment*, p. 4.
- ⁸ Abdullahi H. Ayan 2003, *Islamic Societies that Monitor and Certify Halal Food Exports in Australia: A Framework for Reform*, Melbourne. Restricted release unpub.
- ⁹ *Report of the Royal Commission into Australian Meat Industry* 1982, AGPS Canberra..
- ¹⁰ A. H. Ayan 2001, "Halal food with Specific Reference to Halal exports", *Food Australia* p. 498.
- ¹¹ A. H. Ayan 2001, *Halal Food Exports* p. 498.
- ¹² Yet to be released document obtained by the author.
- ¹³ Document sighted by the author
- ¹⁴ Arabic Society of Victoria 1995, *First Nationwide Halal Food Conference*, Melbourne and *First International Halal Food Conference (INHAFCON)* 1996, Melbourne.
- ¹⁵ Livestock Export Review December 2003: *A report to the Minister for Agriculture, Fisheries and Forestry*, p. 11.
- ¹⁶ Livestock Export Review, p 29.
- ¹⁷ Livestock Export Review, p. 15.
- ¹⁸ Livestock Export Review, p. 15.
- ¹⁹ Livestock Export Review, p. 15.
- ²⁰ Examples are: "The cultural Dimension of Trade: With Specific Reference to Australia's Live Sheep Dispute with Saudi Arabia" *A paper Delivered at Middle East Studies Conference* Melbourne 1990 and "Sheep Dispute exposes Australian Parochialism", *The Financial Review* 15 September 1989
- ²¹ See Richard W. Brislin et al. 1986, *Intercultural Interactions: A Practical Guide*, Sage Beverly Hills.
- ²² See proposal attached

Appendix

Average *Annual* Population Growth Rates, 1950-1995 and 1950-2050 (all Data: Medium Variant UN Projection, 1996 Edition).

Past Population Growth, 1950-1995

Population Growth (in %)	
	Av. Annual 1950-1995
United Arab Emirates	7.7
Qatar	6.9
Western Sahara	6.4
Kuwait	5.4
Djibouti	5.0
Brunei Darussalam	4.0
Saudi Arabia	3.9
Libya Arab Jamahiriya	3.7
Cote d'Ivoire	3.5
Oman	3.5

Centennial Population Growth, 1950-2050

Population Growth Rates (in %)	
	Av. Annual 1950-1925
United Arab Emirates	4.0
Western Sahara	3.7
Qatar	3.5
Djibouti	3.2
Oman	3.2
Kuwait	3.1
Saudi Arabia	2.9
Libya Arab Jamahiriya	2.9
Gaza Strip	2.9
Niger	2.7