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JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS,  
DEFENCE AND TRADE

TRADE SUBCOMMITTEE

**Reference: Australia's trade and investment relations with North Africa**

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**JOINT STANDING COMMITTEE ON  
FOREIGN AFFAIRS, DEFENCE AND TRADE**

**Trade Subcommittee**

**Monday, 1 August 2005**

**Members:** Senator Ferguson (*Chair*), Senators George Campbell, Eggleston, Hutchins, Johnston, Kirk, Moore, Payne, Stott Despoja and Webber and Mr Baird, Mr Barresi, Mr Danby, Mrs Draper, Mr Edwards (*ex officio*), Mrs Gash, Mr Gibbons, Mr Haase, Mr Hatton, Mr Jull, Mrs Moylan, Mr Prosser, Mr Bruce Scott, Mr Sercombe, Mr Snowdon, Mr Cameron Thompson, Mr Turnbull, Ms Vamvakinou, Mr Wakelin and Mr Wilkie

**Trade Subcommittee members:** Mr Baird (*Chair*), Mr Snowdon (*Deputy Chair*), Senators Eggleston, Ferguson (*ex officio*) and Johnston and Mr Barresi, Mrs Draper, Mr Edwards (*ex officio*), Mr Gibbons, Mr Haase, Mr Hatton, Mr Jull, Mrs Moylan, Mr Prosser, Mr Bruce Scott, Mr Sercombe, Mr Cameron Thompson, Mr Turnbull, Ms Vamvakinou, Mr Wakelin and Mr Wilkie

**Members in attendance:** Senator Ferguson and Mr Baird, Mrs Draper, Mr Prosser, Mr Turnbull and Mr Wilkie

**Terms of reference for the inquiry:**

To inquire into and report on expanding Australia's trade and investment relations with the countries of North Africa (Algeria, Egypt, Libya, Morocco and Tunisia), with particular reference to:

- the nature of Australia's existing trade and investment relations with the region
- likely future trends in these relations
- the role of the government, particularly DFAT and Austrade, in identifying and assisting Australian companies maximise opportunities in North Africa as they emerge.

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**Subcommittee met at 9.04 am**

**AREKION, Mrs Marie Genevieve Valerie, Personal Assistant, Embassy of the People's Republic of Algeria**

**BELRAMOUL, His Excellency, Mr Kamerzermane, Ambassador, Embassy of the People's Democratic Republic of Algeria**

**CHAIR (Mr Baird)**—Welcome. The subcommittee prefers that all evidence be given in public, but should you at any time wish to go in camera we are happy to put that before the committee. Although the subcommittee does not require you to give evidence on oath, I advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. The subcommittee has one submission from the Embassy of Algeria, and we thank you for that—submission No. 1. We now invite you to make an opening statement before we proceed to questions.

**Ambassador Belramoul**—Thank you very much, honourable members and senators. Firstly, would you allow me to express my gratitude to the Joint Standing Committee on Foreign Affairs, Defence and Trade, its chair, Senator Ferguson, the Chair of the Trade Subcommittee, Mr Baird, and all the members of this committee for the initiative that has been taken to launch this inquiry on trade and investment relations between Australia and the five North African countries. I would also like to thank you for giving me the opportunity to meet the members of the Trade Subcommittee and to discuss with them possible cooperation between Australia and my country, Algeria. Secondly, I shall make the following observation. I am not here as a witness but as the representative of my country. So, in your documents, you could add to the 'appearing as a witness' section a special section for diplomats.

**CHAIR**—Yes.

**Ambassador Belramoul**—In accordance with international conventions, one cannot call an ambassador or diplomat a witness. We would prefer to be called 'partners'. The embassy of Algeria has contributed to this inquiry by sending a submission on 21 July 2005. I will not repeat the content of this submission but I will briefly expose the main points. First, there is the omission of Mauritania in the list of countries considered by this inquiry. As I explained, Mauritania is a member of the Arab Maghreb Union and this subregional organisation has the ambition and the objective to create, on average terms, an integrated economic market.

**CHAIR**—Yes, I saw that in your notes last night. We put forward to the Minister for Trade and Deputy Prime Minister that we include Mauritania in the list and the department came back and said, 'You've got enough in terms of these and the trade with Mauritania is not great at the moment.' I think that it was also Senator Ferguson's view that Mauritania should be included. But it is not all over yet; we might reconsider.

**Ambassador Belramoul**—Yes, but Woodside has an important project in Mauritania.

**CHAIR**—Yes, I know. Anyway, this is only day one. We may yet include them; we will see.

**Ambassador Belramoul**—It would have been appropriate for Australia to apprehend its relations with this whole subregion in a bilateral way. Secondly, I underlined the characteristics of Algero-Australian commerce. It is composed exclusively of Algerian imports. Its amount is modest compared to the economic capacity of both countries. It is concentrated on a range of limited products, and it is regulated by no bilateral agreement. I would add another characteristic: it is exclusively due to the actions of Algerian importers. The Australian exporters do not perform any action of promotion to sell their products.

Thirdly, about the investment, the Algerian government is satisfied with the interest shown by the firm BHP in the research and exploitation of hydrocarbon in Algeria. I mentioned that it has invested more than \$1 billion up until now, and it has already signed five contracts and is actually negotiating several other contracts. We hope that the firm Woodside, which participates with BHP in one of the five contracts, will intervene more significantly in Algeria.

What are the future trends? I have briefly described the existing opportunities in Algeria with the setting up of PSRE, a true Marshall Plan valued at an estimated \$US55 billion and concerning all the sectors of the economy. Several hundred projects are or will be launched, including a 1,200-kilometre highway and the construction of one million accommodations and 14 dams. These are some examples. We have proposed to some Australian firms that they participate in the invitations to bid launched by the Algerian government, for example, for the dams. We contacted Leighton Contractors, Barclay Mowlem, Abigroup Ltd and GHD Ltd. We also contacted Rio Tinto on the valorisation of the iron fields. We received no answer from these firms. We did receive a response from a dam constructor which asked us to get in touch with its subsidiary in Hong Kong.

The experience and expertise of Australian firms will allow them to gain some share of the market in Algeria in fields as diverse as mining, energy, agriculture and education. Agriculture is a sector where both countries can develop important cooperation partly due to the needs of the country for food products not satisfied by national production—for example, we import each year two to 2½ million tonnes of wheat, all categories together—and, on the other hand, the similarity of climatic conditions; Algeria has the same climatic conditions as Australia. In the sphere of education we could also promote interacademic cooperation and cooperation between the TAFE systems of both countries. The demand for education services is huge in Algeria due to the high proportion of young people. Indeed, 70 per cent of the Algerian population is less than 30 years old.

On the question of how we develop the trade and investment relationships between the two countries, we put forward five proposals in our submission. I would like to provide detail on some of them now. The first was the reopening of an Australian embassy in Algeria. The Algerian market has seen permanent changes due to the progressive integration of the Algerian economy into the global economy and the adaptation of domestic regulations to international agreements and mechanisms. The presence of a diplomatic mission in Algeria is therefore essential. Australia cannot efficiently cover Algeria from Paris or from Cairo. An Australian diplomatic mission in Algeria would promote opportunities and Australian products to Algerian operators. In the diplomatic sphere the coverage of North Africa would be undertaken in a better way. I will not go over the travel advice and the International Fair of Algiers—they are already well argued in the submission.



The next important proposal was about the legal framework and exchange of official visits. Why a legal framework? I am aware that the Australian authorities do not like to sign agreements for the sake of signing agreements. This applies for Algeria also. However, the setting up of a legal framework has the purpose of reassuring operators of both countries who might wish to engage in trade or investment opportunities. It is also a sign that the political relations are good and that the authorities of both countries are looking to reinforce them through the establishment of economic and commercial links.

The exchange of ministerial visits pursues the same objective and would contribute to widening the scope of operations by researching new opportunities. I have mentioned two promising sectors—agriculture and education—where both countries could quickly promote large and mutually beneficial cooperation. I am grateful for your attention and remain at your disposal to provide either verbally or in writing any additional information you may wish to obtain. Thank you very much.

**CHAIR**—I appreciate your input and your quite comprehensive submission to the committee. I also appreciate that you have gone to the trouble of putting down your recommendations as to the way forward in the relationship between Algeria and Australia. If you have a look at the trade figures it is clear that we have not advanced very far in our trading relationship. What do you see as the principal reasons for trade not developing very much between the two countries?

**Ambassador Belramoul**—I have given one of the reasons in my short speech: there is no promotion between the two countries. We have had no diplomatic representation until now. We have had no commercial liaison. We are located 16,000 kilometres from here. If nobody makes any trade promotion, we cannot have links in a commercial sense, so we must have a presence. Algeria is a small country. It has decided to send representatives to Australia, and now Australians must go to Algeria to promote your capital cities and economic experience. We need this.

**CHAIR**—I suppose it is a bit like the chicken and the egg. If it is small and they do not put in the resources, that is the case but maybe if they put them in, we may do much better. We have the Austrade people listening behind us, so perhaps they will take that on board. I noticed that in 2000 Australia exported \$142 million worth of live animals to Egypt and Algeria but in 2004 there were no exports. Do you know what the reason for that significant decline was?

**Ambassador Belramoul**—We import meat, although maybe it is not livestock. Imports of meat have doubled compared with that in 2003 and 2004. We are a big importer in the area of meat, wheat and milk. Every year we import maybe \$4 billion of food products. Maybe the European market is very close to Algeria, so we prefer buying from this area, or maybe it is that we buy meat from other markets, such as Uruguay, Brazil or North America, if yours is not competitive. We have no reason not to buy from Australia.

**CHAIR**—What product areas would you see as representing the best opportunities for Australia? We have dryland farming as one of them and food products such as meat et cetera. Having lived in Australia, do you have in your mind what the trade opportunities would be?

**Ambassador Belramoul**—I think livestock is very important. We can buy sheep from Australia. Since 2004 the market has been very open. We are buying from Germany, France and

other countries in Europe. It is very open and we can buy livestock and we can buy wheat as well. In the past—in 1980, I think—we bought a lot of livestock from Australia, but we had a little problem with the tail of sheep, if you remember that.

**CHAIR**—Yes.

**Senator FERGUSON**—Ambassador, naturally France is your largest trading partner. What are the main components of your trade with France? What does your trade consist of?

**Ambassador Belramoul**—Imports or exports, or both?

**Senator FERGUSON**—Both. That would give us some idea of what sort of market is open to us.

**Ambassador Belramoul**—We sell maybe 90 per cent of hydrocarbons to France.

**Senator FERGUSON**—Hydrocarbons?

**Ambassador Belramoul**—Yes, oil and gas, but gas more than oil. We import everything from France—food products, manufactures, cars, medicines, oil and wheat. For instance, we are buying every year from France more than one million tonnes of wheat. So we are buying everything from France, Italy and Spain. These three countries are the essence of our imports; we are importing from these countries.

**Senator FERGUSON**—Is that trade with France because they are more price competitive than other countries in the world or is it because of your historical relationship with France?

**Ambassador Belramoul**—Both—the historical relationship and also being competitive. We can say that it was because of the very strong links between the two countries when the market was not open. Now that the market is open, they can buy anywhere, from wherever they want. So they are looking for competition. We have had, of course, very strong links with France—historic ones and economic ones as well. During the 1980s, we made packages with France—for instance, when we bought cars, we also imported wheat and other products from France, but now that is finished. Now the market is very open, but the links remain between operators.

**Senator FERGUSON**—The reason I asked that is that you talk about importing your motor vehicles, for instance, from France. In the Gulf States, which are not very far from you, Australia has a very strong export market for motor vehicles. As a matter of fact, nearly every taxi you see in Dubai is a Toyota Camry made in Australia. There are a lot of motor vehicles exported from Australia to the Gulf States. We must be price competitive to be able to sell those vehicles in those countries. I am wondering whether or not your country has ever looked to see whether, for instance, Australian motor vehicles and many other Australian products are price competitive, or whether there is just simply the historical ties with France and Europe which mean that they dominate the market.

**Ambassador Belramoul**—In cars, I can assure you that the market is open because all the firms are present now in Algeria—even the US firms. All the Japanese firms, including Toyota—and the Koreans—are present. It is a really interesting market because it is very open and the

Japanese, Koreans and Italians are present now. So, if you want to be present it is really important for you to be present. You cannot buy cars from Australia. You must be present in the market.

**Senator FERGUSON**—My final question is in relation to agriculture, which I see is about 10 per cent of your GDP. I presume that most of your farming country is along the northern coast of Algeria. Do you currently exchange farming expertise with countries in Europe? The reason I ask that is that some 20-odd years ago Australia—and particularly my own state of South Australia—had an exchange program with Libya because the farming conditions in North Africa are more similar to parts of southern Australia than anywhere else in the world, with dryland farming techniques. I am just wondering whether or not you look elsewhere to places other than Europe, which does not have dryland farming, for knowledge and expertise to improve your industry.

**Ambassador Belramoul**—We started the same programs with Australia in 1988.

**Senator FERGUSON**—Did you?

**Ambassador Belramoul**—With South Australia.

**Senator FERGUSON**—I did not realise that.

**Ambassador Belramoul**—We stopped it because Australia closed the embassy in Algeria and Algeria closed its embassy here in Canberra. But we started having big cooperation with South Australia and the minister of agriculture in sericulture, for silk. We have a lot of matters on which we can work with Australia, because you have a lot of experience in this matter. We have the same climatic conditions, so we can work together very well on this matter. We are ready to start this cooperation whenever you want and we hope that a minister of agriculture, Algerian or Australian, will make a visit. We can speak about both—exports or imports—and cooperation to develop agriculture in Algeria.

**Senator FERGUSON**—Thank you.

**Mr TURNBULL**—You say in your submission that terrorism has now been politically and militarily defeated, but the British foreign minister, Kim Howells, is visiting Algeria now, I believe, to discuss British concerns about the number of people of Algerian citizenship and Algerian background who have been involved in Islamist terrorist activities both in Europe and in the United States. Could you comment on that and perhaps let us know your view as to whether this participation of Algerians in terrorist activities in Europe and North America is a result of their involvement with terrorist groups in Europe or is something that is being exported from Algeria.

**Ambassador Belramoul**—Thank you very much for the question. I listen to CNN, BBC and Sky News and I do not hear the names of Algerians. They are speaking about Somalis, Eritreans and Pakistanis—

**Mr TURNBULL**—That is to do with the most recent attacks.

**Ambassador Belramoul**—but we do not hear the names of Algerians. So for Algerians overseas this is a problem for the country where they are living. But I can confirm for you that in Algeria terrorism is finished. It is in the past. But we are cooperating with the British and the US. I can confirm for you that the US are very satisfied about the cooperation of Algeria. We proposed two weeks ago to DFAT here in Australia to cooperate in this matter. In Algeria we have, unfortunately, great experience in the matter of fighting terrorism. We have a lot of information about terrorism. We are cooperating with the US, and President Bush has said several times that the cooperation with Algeria is advancing and has allowed the US to arrest a lot of terrorists in the US.

We are cooperating with Britain too. There are maybe 3,000 Algerian citizens in the UK. They are looking for all these people to see if they are linked with al-Qaeda or not. We are very open to cooperating with the UK about this matter. But the British officials have come to Algeria also because they have big economic projects. Their gas is finished now. They were looking for a new market and now they import gas from Algeria. We are exporting energy to Britain. So we have good cooperation with the UK in this matter and in economic matters as well.

**Mr TURNBULL**—What lessons do you think European countries and countries like Australia and America can learn from Algeria in fighting terrorism?

**Ambassador Belramoul**—It is very technical. How do you fight terrorism? We have been fighting this terrorism since 1991, so we have more than a decade of experience in fighting it. I think we can have discussions around the table with intelligence and other services about this issue.

**Mr PROSSER**—Ambassador, I note that in the past we have exported some \$25 million worth of coal to your country. Firstly, what do you use the coal for? Secondly, can you advise the committee what generates your power? Is it coal, gas or oil?

**Ambassador Belramoul**—We are, of course, importing coal from Australia. Every year we import more than \$20 million worth of coal. It is only for metallurgic plants. Our electric power comes from gas and oil, not from coal.

**Mr WILKIE**—Ambassador, I see that Algeria is negotiating a free trade agreement with the European Union. To what extent would that exclude Australian companies from being involved in trade with Algeria, particularly investors? What impact would that agreement have on Australian companies wanting to invest in Algeria?

**Ambassador Belramoul**—This agreement is now in force and we are waiting for WTO accession, maybe in 2006. Until now the market has been very open. We have adopted about 20 laws to prevent state and public monopolies—which is very important—to prevent trade obstacles, to implement technical regulations and to implement normalisation regulations.

So now the Algerian market will be very open to all firms, not only European firms because of the agreement with the Europeans. Now the market will be open for all firms, even those in Australia. So it is very important for Australia to have an open market through the FTA with Europe and through the accession of Algeria to the WTO.

**CHAIR**—The second language in Algeria is French, is it?

**Ambassador Belramoul**—Yes.

**CHAIR**—To what extent is English spoken in Algeria?

**Ambassador Belramoul**—We are starting. We are introducing it into schools. It has become the second foreign language in the schools now, but we must wait for maybe two generations.

**CHAIR**—That is like us with French and Arabic and so on. The question of the EU agreement, though, indicates that there are some areas where the European producers are going to be much more advantaged than Australia. We would see that as a disincentive, even though we hear your comments that it is worthwhile investing in Algeria. Nevertheless, if you take an Australian product versus one from Europe, they get a tariff advantage on that. I wonder in the long term whether Algeria will become more Eurocentric rather than looking to other parts of the world. Do you see that as a possibility and the reality?

**Ambassador Belramoul**—I think that Algeria in the next decade will be an emerging country, because we now have financial capacities and we have opened the market to the global economy. So I think that it will be fantastic for Australia to be present in this market. We have an FTA with Europe but, once again, when we have an FTA we will give the same advantage to the other countries like Australia. So it is in the interests of the other countries to have the FTA with the Europeans and the agreement with the WTO.

**CHAIR**—You mentioned the International Fair of Algiers. I thought that we had some Australian companies participating in that trade show. Is that not the case?

**Ambassador Belramoul**—We proposed that Austrade participate in that international fair; we even proposed to pay for the first participation. Unfortunately, we did not get an answer until now. We hope that in 2006 they will be present in Algeria, because it is very interesting. I think it is the most interesting economic event in the area. We have more than 50 countries and more than 1,000 firms from all over.

**CHAIR**—What is the emphasis? Is it in manufacturing or agriculture et cetera?

**Ambassador Belramoul**—All of them.

**CHAIR**—So are the 50-odd countries participating under the brand of the country or is it individual companies?

**Ambassador Belramoul**—They have national pavilions and each firm has its own stand.

**CHAIR**—So how many participants are there altogether in the show?

**Ambassador Belramoul**—Last year we had more than 1,000 firms.

**CHAIR**—Would that be the most significant trade show in North Africa, would you think? We will ask Austrade later, but from your perception is that the most significant?

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**Ambassador Belramoul**—Yes.

**CHAIR**—The other thing that interests me is all these new programs of infrastructure development and so on. Maybe the governor of your reserve bank was making comments about it as well. There have been invitations to a range of Australian companies to participate in bidding for these projects.

**Ambassador Belramoul**—They are welcome, especially in accommodations, highways, farms and water.

**CHAIR**—Desalination?

**Ambassador Belramoul**—Yes, desalination.

**CHAIR**—We could send you one from Kurnell, but that is another matter.

**Ambassador Belramoul**—They are welcome.

**CHAIR**—So we have got ports, aerodromes, airports, accommodations.

**Ambassador Belramoul**—Yes.

**CHAIR**—It is interesting. And the privatisation of 1,200 firms.

**Ambassador Belramoul**—And we do not need finance support. We have the finance, even for these big projects.

**CHAIR**—Have any of the Australian companies got to stage 1 in this, or have they just been invited to participate?

**Ambassador Belramoul**—Invited to participate. It is better to make proposals—technical and financial proposals. It is a bid.

**CHAIR**—What is the reason for this? I know it is 5,000 kilometres of urban motorway. Are they tollways?

**Ambassador Belramoul**—It is from the west to the east. After, it will be the Maghreb Highway—7,000 kilometres. So the part from Algeria is 1,200 kilometres.

**CHAIR**—Are these without tolls on them? Are they free to drive on?

**Ambassador Belramoul**—We will think about both, but it will take a long time, so we will start with all finance. We will raise this and then after that we will see how to manage this highway. We need it quickly. For economic reasons we need to have this highway very quickly. The other road, from the north to the south, from Algeria to Nigeria, is the Trans-Saharan.

**CHAIR**—Have you had discussions with some of the Australian companies, like Macquarie Bank, which is involved in infrastructure financing proposals and so on?

**Ambassador Belramoul**—We called some of them—I think three or four of them. But I think we spoke with the wrong man, because they told us to call their office in Hong Kong.

**CHAIR**—Really?

**Ambassador Belramoul**—Yes.

**CHAIR**—Perhaps we can alert them to this. I know that people like Multiplex are involved in the construction of high rises et cetera in places such as Dubai. Have they shown interest as well or not?

**Ambassador Belramoul**—No. Multiplex has not been contacted.

**CHAIR**—Obviously there are a lot of changes here. What has led to this big change in terms of infrastructure development? Why is this happening now? Has there been some decision as to why you would start these major programs?

**Ambassador Belramoul**—Because we have money, with the oil price now at \$60. We have more than \$45 billion in the reserve. We have the economic indicators at the end of the submission. That shows that we have now \$43 billion in reserve. So we must use this money for infrastructure, because it is very important. In the past we needed the finance, and we asked each country to finance this or that. Now, we do not need this. It is the opposite. We can use this money for infrastructure, development and boosting of the economy.

**CHAIR**—There are great opportunities there. Are they looking, to a certain extent, at the Emirates model of development?

**Ambassador Belramoul**—It is a little different, because they are not 30 million.

**CHAIR**—Yes, that is right.

**Ambassador Belramoul**—We are more than 30 million.

**CHAIR**—It is interesting how they have developed a major airline and airport hub and so on, but with much less population of course.

**Ambassador Belramoul**—Yes.

**Mr WILKIE**—Your Excellency, you talked about desalination plants.

**Ambassador Belramoul**—Yes.

**Mr WILKIE**—We are looking at building desalination plants in Western Australia. I am wondering if you have had any difficulty with putting the salt back into the ocean, or environmental concerns? This has been raised in Western Australia as a major issue.

**CHAIR**—It has also been raised with the new one proposed for Kurnell.

**Mr WILKIE**—I wonder if the concerns are well founded. I am wondering if, in countries such as yours where you rely heavily on desalinated water, putting that salt back into the ocean has been a problem for your country.

**Ambassador Belramoul**—We have an issue about desalination. We will have more than 20 plants by 2015, so if you want to compare this matter with Algeria, you are welcome.

**CHAIR**—I think Mr Wilkie is asking you: has there been a downside to these desalination plants? In other words, some critics have talked about how putting the highly salinated water back into the sea causes problems. Has this been the experience in Algeria?

**Ambassador Belramoul**—We have only started building, so we do not know if it will or not.

**CHAIR**—Okay, so it is only Israel—

**Ambassador Belramoul**—We are working with Germany and France, I think.

**CHAIR**—and Florida.

**Mr TURNBULL**—I am not aware of any plants being built; they were just checking they are there. Most of the desalination plants in your part of the world are either in Israel or in the gulf.

**CHAIR**—Dubai.

**Ambassador Belramoul**—It is not raining in this area. There is no rain in that country.

**Mr TURNBULL**—Yes, and also you have cheap energy because you have lots of gas.

**Ambassador Belramoul**—We have got gas, yes.

**Mr TURNBULL**—It needs a lot of power.

**Ambassador Belramoul**—You have had a bad experience with this plant?

**Mr WILKIE**—We are looking at building one in the very near future and some environmentalists are concerned that the increased salt levels going back into the ocean will cause problems for the fish stocks and the environment.

**Ambassador Belramoul**—We have no problem, maybe because we have had no ‘greens’ till now?



**CHAIR**—Ambassador, we would like to thank you, firstly, for coming in today, secondly, for the quality of your submission, which was extensive, and thirdly, for the suggestions that you make on how we can improve our relationship. Obviously, at the end of our review and our visit, we will be making a formal report with recommendations to the minister and to the government as to how we can improve that relationship. From what you have outlined about plans for major infrastructure and development, there are opportunities for Australian companies and we should take that seriously. Hopefully, in the future we will also have formal diplomatic relations once more and have an embassy there—but that is up to other people, of course. Also, we will hopefully have participation in the trade show. I am looking across to the Austrade people to see whether they are smiling—no, they are not smiling yet. There is a real opportunity for us to get into that market and hopefully we will have a greater appreciation of this after we have been there. We plan to spend a few days there, as you know, in November. We are not sure how many members of the committee will be going, but possibly as many as 10 will be visiting.

**Ambassador Belramoul**—Ten people?

**CHAIR**—Yes, 10 members of parliament. It will be a great opportunity and, following that, we will look forward to developing and strengthening our relationship with Algeria. Obviously our relationship has not been close in the past, but this is the time to change all of that. Thank you both for coming today.

**Ambassador Belramoul**—Thank you very much.

**Mr TURNBULL**—I have one final question. Is the plant at El Hamma near Algiers?

**Ambassador Belramoul**—It is near Algiers. It is seven kilometres from Algiers.

**Mr TURNBULL**—Thank you.

[9.46 am]

**EL KOUNY, Mr Moustapha, First Secretary, Embassy of Egypt**

**TAWFIK, His Excellency Mohamed, Ambassador, Embassy of Egypt**

**WAKEEL, Miss Ragaa, Third Secretary, Embassy of Egypt**

**CHAIR**—On behalf of the Trade Subcommittee, I welcome the representatives from the Embassy of Egypt. The subcommittee prefers that all evidence be given in public, but should you at any stage wish to give evidence in private, please let us know and we will put it before the committee. Although the subcommittee does not require you to give evidence under oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. I now invite you to make an opening statement before we proceed to questions. I know, Ambassador, that you have spoken to a number of people here and we very much appreciate your initiative in coming to see us all and outlining some of the issues of Egypt. In trade terms it is the most significant of the countries we will be visiting and therefore very important. We will be spending our first weekend there, and we look forward to visiting in November.

**Ambassador Tawfik**—I would like at the outset to express my appreciation for your kind invitation to address your esteemed subcommittee. It is a great personal pleasure as well as a good opportunity to assist in furthering our mutual objective of encouraging greater economic cooperation between Egypt and Australia. Your subcommittee's inquiry into Australia's trade and investment relations with North Africa comes at a time when opportunities are opening up in the region. While the private sector has a primary role in trade and investment, the broader framework of relations between nations provides a necessary environment for business to flourish. Officials can play an important role in informing the private sector of the opportunities that exist in other regions. I find it particularly commendable that your distinguished subcommittee is contributing in this important endeavour.

Two weeks ago a celebration was held under this very roof in which Senator the Hon. Ian Campbell, Minister for the Environment and Heritage, handed over seven items of Egyptian antiquities which had been smuggled illegally out of Egypt and had found their way to Australia. This cooperation only highlighted the excellent state of relations between our two nations.

Trade and investment are growing by the day. Australian tourism to Egypt rose by 30 per cent in the first quarter of 2005 alone. Enhanced cooperation in education, agriculture and fisheries is being pursued. The relationship is buttressed by a vibrant Australian Egyptian community, a community that has not only helped in the development of a rich multicultural society in Australia but also represents a bridge between our two nations and our two cultures. I have already presented to your committee a written submission that outlines what Egypt has to offer and the trends and prospects in Australia-Egypt relations. I will now briefly make some general observations and allow time for any questions you may have.

First of all, trade between our two countries has reached almost \$700 million, with an enormous surplus in Australia's favour. The major focus of Australian exports is wheat and meat, whereas the major focus of Egyptian exports is, basically, small quantities of miscellaneous products. There is potential for trade levels to rise far beyond current levels, as Egypt is a market of more than 70 million people, but this can best be achieved by addressing the current trade imbalance.

An area that probably has even greater potential is that of joint projects and investment. Here we have seen a considerable increase in Australia's investments in Egypt in the past few months alone. Apart from ongoing projects in the oil and gas sector, a number of major projects are under way. For example, Magnesium International Ltd has embarked on an 88,000 tonne per year magnesium smelter, with a circulating capital of \$US500 million. The Gippsland Corporation has recently announced a major discovery of gold in three key areas in the south of the Eastern Desert. Incidentally, these areas are the same areas where the ancient Egyptians used to extract the gold from which all their treasures were made, so looking there was a very ingenious thing to do. That seems to be a major find, because it will turn Egypt into a major producer, whereas in the past we imported most of the gold we needed.

Naturally, Egypt's close proximity to the European, Middle Eastern and African markets, with access and preferential treatment provided by free trade agreements, are among the factors that have encouraged Australian investment companies to invest in Egypt. But also the positive investment climate and the availability of cheap and abundant energy and of a low-cost, well-trained workforce are important factors in attracting foreign investment. Indeed, a surge in investor confidence underlines the vitality of the Egyptian economy. The Egyptian stock market has recently had the highest performance among international stock markets, with its index achieving a 236.8 per cent increase between July 2004 and July 2005. The elimination of all exchange restrictions and the recent stability of the exchange rate have resulted in a \$US4 billion current account surplus and it was announced this week that foreign currency reserves reached \$US20 billion.

Over the past financial year the fiscal deficit was reduced to less than three per cent and it is forecast to decline further. The rise in the consumer price index has declined to 4.7 per cent and the debt service ratio to 19 per cent of exports. The budget deficit is now roughly five to six per cent of a GDP of roughly \$90 billion. The real economic rate in 2004-2005 reached 4.9 per cent, with a six per cent growth target for the current fiscal year. Since these positive indicators are firmly rooted in a number of far reaching reform measures, such as customs and tax reform, privatisation and more efficient administrative procedures, it is widely considered that the Egyptian economy has reached the point of take-off.

Tourism is, of course, an important locomotive of Egypt's economic growth. I believe that one of the objectives of the recent attacks that took place in Sharm al-Sheikh was to try and stifle this take-off of the economy. We are confident this will not happen. Our economy has reached the point where such incidents will not leave major adverse effects. Also, the overwhelming reaction of the Egyptian people and of the international community were such that there is a sense of solidarity, really, that we are confident and will make sure this does not take place.

In the area of potential future cooperation between Egypt and Australia, we are currently in the process of working with the Australian government to reach an agreement of cooperation in the

area of fisheries. Once we have done that, we will start looking at the area of livestock, the area of agriculture in arid areas, and water resources and water resource conservation methods. In parallel with this, we are working within the context of overall economic relations. We have decided not to go for a free trade area right away. We would much rather work towards a trade and investment framework agreement first. I believe that a first draft of that agreement is currently being finalised. We are also working very strongly in that regard.

Other areas for possible cooperation include fertiliser manufacturing. We have enormous deposits of phosphate. Another area is that of software production. We have a vibrant software sector. Many companies that are interested in translating their software into Arabic or choosing specific software that is culturally more adaptable to the region have projects with Egyptian companies. I will stop there, and I am available for any questions.

**CHAIR**—Thanks very much, Ambassador. I really appreciate your submission. In many ways, the longstanding relationship between the two countries offers us quite a lot of potential. The number of Egyptians or former Egyptians who now live in Australia obviously strengthens that relationship and the extent of tourism. What are the factors that led to this current round of economic reforms? I have a friend who is part of a Booz Allen team that is over in Egypt working at the moment as part of the economic reform. He mentioned just how extensive this is. What are the factors that led to it? What opportunities may there be for Australian consultants and companies to be involved in this restructuring of the Egyptian economy?

**Ambassador Tawfik**—For the past 20 years we have had an ongoing economic reform program. The program works in phases. Now we are embarking on the third phase of that program. In order to reach the kinds of reforms that we are doing now, we had to first do other things, because until the seventies our economy was a centrally planned economy. Production was basically done through the public sector. Therefore it was an enormous transformation, really. It took place gradually, taking into account the social factors in particular. There were some experts who had argued that a more radical approach would have been better. But I think other experiences, especially in East Asia, have demonstrated that it makes a lot of sense to take into account the social factors and that social safety nets should develop hand in hand with economic liberalisation, and this is what we have been doing. This has enabled us recently to embark on very ambitious tax reform which was unthinkable 20 years ago.

**CHAIR**—What is the top personal tax rate and the corporate tax rate at the moment?

**Ambassador Tawfik**—Of course, you know better than I do that tax law is a very complex creature—

**CHAIR**—Yes.

**Ambassador Tawfik**—The cap for the vast majority of areas is now 20 per cent. It has fallen from 40 per cent to 20 per cent. That is why I said it was unthinkable 20 years ago that this would be done. The government revenue would simply not have been able to do it. It would not have been sustained.

**CHAIR**—That is the highest corporate rate as well.

**Ambassador Tawfik**—The corporate rate is 20 per cent, with the exception of minor areas—basically some government owned enterprises, such as the Suez Canal, which is understandable. It is a matter of how the government organises its own finances. The oil sector is another exception, because obviously oil companies make enormous profits. Apart from that, the entire economy now, both private and corporate, has a cap of 20 per cent.

**CHAIR**—Is it like the tax on oil like we have here, which is a percentage—almost like super profits? Is that part of it? Is the oil sector partly private sector and partly government run?

**Ambassador Tawfik**—There are a number of public companies, but the majority of companies working in the oil sector are, obviously, private. Nevertheless, there is an agreement of share in the product. In addition to that agreement of distribution of the proceeds of the product, the taxes have remained at the level they were—around 40 per cent. They have not been reduced to 20 per cent.

**CHAIR**—In terms of the key indicators, the inflation rate is 11.3 per cent. Has that been coming down? According to the latest figures we have for Egypt, the inflation rate is 11.3.

**Ambassador Tawfik**—It has certainly come down a lot. The figure I have got here is 4.7. Your figure is correct, but it has gone down. At that time there was a sudden surge in the inflation rate which was produced as a result of the liberalisation of the Egyptian currency. That led to a drop in the value of the currency, which made imports much more expensive. So there was a sudden surge in the inflation level, which reached the level you have mentioned. As the situation stabilised, it went back to the normal level, which is around 4.7.

**CHAIR**—Is the unemployment rate still 11 per cent?

**Ambassador Tawfik**—The unemployment rate has been around the 11 per cent mark for a number of years. The latest figures put it around 10 per cent.

**Senator FERGUSON**—Thank you, Ambassador, for your submission and for the work that you do amongst parliamentarians here, because you are very active. Egypt is our largest trading partner in the area; and, as you said, there is a fair imbalance of trade. I guess that much of that is due to imports of wheat from Australia, which throws it out of kilter from everything else. I notice that you are a member of a number of trading groups—particularly the eastern and southern African community—but you have never been part of the Arab Maghreb Union. When we are looking across the top of North Africa, that seems to be, geographically, a more logical group to belong to. What is the current state of your trading arrangements with other groups, like the European Union, and what is your future view in relation to a revitalised Arab Maghreb Union?

**Ambassador Tawfik**—We belong to three general free trade areas. One is the Arab free trade area, which covers the Maghreb countries but also the rest of the Arab countries. It covers the whole region. We have a free trade area agreement with the European Union and we also have an agreement with eastern Africa and southern Africa. Basically, we have free trade areas with our entire neighbourhood. Regarding the prospects for the Arab Maghreb Union, we are currently in the process of joining that union. We will be part of the Maghreb union in the long term. This

will probably be superseded by the Arab free trade area, but in a more general and political sense we will also be part of the Maghreb union eventually.

**Senator FERGUSON**—If you belong to all of these other arrangements, what sorts of impediments are there for Australians to do trade in Egypt? Are there barriers?

**Ambassador Tawfik**—In terms of trade, the interest for Australian exporters is especially in the food sector. Our customs duties for food are very low. In most cases they are zero, but in some cases they are around five per cent. So we are talking about very low customs duties. The major factor that has affected Australian exports to Egypt has not been the customs duties; it is more about the price of the commodities produced by countries that are, in a sense, competitive with Australia. This is related to a number of factors such as exchange rates. So, if the Australian dollar is very high and, say, some Latin American currencies are very low, it would be cheaper to import, say, cows from Latin America. European market prices, particularly in exports, are artificial to a large extent. That, of course, potentially affects Australian producers. These things are not directly related to the Egyptian market; they are more related to international factors, and Egypt, being part of the international community, is of course affected by those things.

**Senator FERGUSON**—One of the things I noticed is that some 30 per cent of Algeria's trade is done in Europe, particularly with France. Your trade is much more evenly spread through countries throughout the world. The United States is your biggest trading partner, but then there is France, Italy, Germany and all the other countries of the European Union. Just to give us an example, what are your tariffs on the import of motor vehicles from Australia?

**Ambassador Tawfik**—We have various tariffs on motor vehicles. We have relatively high tariffs in the area of motor vehicles, depending upon many different factors. I would have to look at it because there is a scale; it is not a fixed tariff.

**Senator FERGUSON**—What about importing vehicles from the European Union, where you have a free trade agreement?

**Ambassador Tawfik**—There are also limits to that. In the area of vehicles, I do not think that the issue of tariffs would affect Australian exports to Egypt. They would probably be more affected by price competitiveness. I would have to look into the details of that. I have not looked into the economics of the export of vehicles from Australia to Egypt.

**Senator FERGUSON**—And yet the Gulf States import our vehicles and that must be under some competition from other countries around the world. They must see a competitive advantage in buying Australian motor vehicles in Dubai and places like that.

**Ambassador Tawfik**—I would assume that the types of motor vehicles produced in Australia are more adapted to the kind of climate that we would have. That is purely an assumption. I would add that I think the Egyptian motor vehicle market will be affected in the future by the companies that are willing to build plants in Egypt. Major projects are under way. We produce Mercedes and BMW, and some Japanese companies are going to build a major plant in Egypt. That is a major factor that would affect it.

**CHAIR**—I can understand that.

**Mr PROSSER**—How many motor vehicles are sold per year in Egypt?

**Ambassador Tawfik**—I would have to get that information. I do not know exactly.

**Mr PROSSER**—Can you send us the information relating to passenger and commercial?

**Ambassador Tawfik**—Yes, I could send it to you.

**Senator FERGUSON**—Your economy also has a reasonably large agricultural component. Is it an advanced agricultural component? Is it modern in its use of equipment and its methods? Is there very much dryland farming done in Egypt or is much of it irrigated from the Nile? What is the state of your agricultural industry?

**Ambassador Tawfik**—For thousands of years we have had a traditional agricultural industry in Egypt. In the past 50 years it became very evident that the agricultural area in Egypt was not sufficient for the growing population. So there was an enormous movement towards land reclamation, because very large areas of the country are desert. Regarding the land reclamation, it is all done in an up-to-date modern way, in particular to make optimum use of water resources. There has been an enormous evolution also of the traditional agriculture in the Nile Valley and the Delta. If you take the productivity per acre in Egypt, you will find in some fields, for some crops, it is among the highest in the world. There is a well-developed agricultural economy, but there is a lot of room for improvement.

We have not reached the limit of the types of improvements that we intend to make. In that regard, there is enormous potential for cooperation with Australian companies. There are already many Australian companies that are working as consultants in Egypt. It is difficult for me to make a list of them. I just happen to meet people and they tell me—as you mentioned—‘I just came back from Egypt. We were working in the consultancy,’ and so on. This thing is well under way. But we have in mind to encourage that further by having more formal relations between the governments.

**Mrs DRAPER**—Ambassador, thanks for coming today to speak to us. This follows on a little bit from Senator Ferguson’s question. You mentioned earlier about livestock and agriculture in the desert areas. How do you see that happening and how will Egypt go about doing that?

**Ambassador Tawfik**—Traditionally, livestock is part of the agricultural system. But since our population has grown enormously, obviously our livestock production is much less than our requirements. So we import a lot of meat. In addition to that, we are trying to develop our livestock production. It is conceivable that we will, for the foreseeable future, still be importing quantities of meat. But, as our population continues to expand—now, it is over 70 million and growing—it is important also to give a boost to our production. We feel that Australia has a lot to offer in that regard because there is a lot of similarity in the environment—the kinds of breeds that you have here. Of course, this remains to be seen, but we will start working on the details. We have asked our Egyptian colleagues to send us exactly what areas and what breeds they are interested in and we will explore that with the Australian side.

**Mr PROSSER**—Ambassador, you mention that the latest terrorist attack on the resort was designed to disrupt your economy. A number of years ago there were similar attacks on tourists,

particularly the one on that busload of German tourists. Were they also attacks on your economy? Surely there is something further behind that. Secondly, I remember road travel between Cairo and Abu Simbal was not recommended. Is that still the case today?

**Ambassador Tawfik**—Regarding the economic impact of terrorist activities, there is no doubt that in the past the main objective of the terrorist activities was to destabilise the economy.

**Mr PROSSER**—But why Egypt?

**Ambassador Tawfik**—The reason is that Egypt is the country where you have Al-Azhar, which is the foremost religious institution in the Muslim world. It is the oldest university in the world and it is where you have the largest number of Islamic scholars. At the same time it is a country in which Islam is lived in an extremely moderate way. Obviously, people who are extremist in their beliefs would want to change that. The model that the world needs for how Islam works in the modern world is really best shown in Egypt. That is one of the reasons we have been targeted.

Having said that, the kinds of attacks that took place in the 1980s and 1990s have come to an end with the late 1990s, because those were basically attacks that had the intention of changing the system in Egypt. I think that is over. The reason for that, of course, was the enormous public outcry and public opinion and reaction in opposition to such attacks and to such ideas. The organisations that carried out these attacks made an announcement then that they would halt all activities in Egypt, and there was a general amnesty. I do not want to go too much into the details.

What we have seen in Sharm al-Sheikh is probably something new. I do not expect that this is something that will be recurrent. I do not expect that this is the type of organisation that has roots in Egyptian society. The indicators we have now are to that effect. As to the economic impact, for example, one of the major sources of tourism to Egypt is Germany. Recently there was a survey in Germany to see how many cancellations had taken place. There were around four per cent, and only to the Sharm al-Sheikh area, not to the rest of Egypt. Obviously the economic impact will be minimal—there will be an economic impact, but it will be minimal.

If we take how the whole terrorism thing has affected the Egyptian economy, we will find that the largest blow to the Egyptian economy came after September 11, after the attacks in New York, rather than after anything that took place in Egypt. The reason for that was that it led to a general economic decline around the world, and of course that affected us also. My personal view is that this kind of operation will probably not be repeated and that its economic impact will be minimal.

**Mr PROSSER**—And the road to Abu Simbal?

**Ambassador Tawfik**—The road to Abu Simbal is safe these days. It is a long road.

**Mr PROSSER**—I know. I have travelled it.

**Ambassador Tawfik**—These days it is completely safe. I think everything is under control there. As I said, there has been a political process. In addition to the terrorist organisations



announcing that they would stop all terrorist activities, there was also on the government side a general amnesty for prisoners who had been imprisoned for membership of these organisations. Within that area there has been no terrorist activity whatsoever.

**CHAIR**—How many tourists visit Egypt each year?

**Ambassador Tawfik**—In 2004 we have reached 8.8 million.

**CHAIR**—By comparison, that is about 3½ million more than we have received here. Is Germany the No. 1 source?

**Ambassador Tawfik**—Our No. 1 source is the European Union. That includes Germany, Italy—we have enormous numbers from Italy—UK, Spain and France. So the European Union, as a whole, represents the major source of tourism to Egypt.

**Mr WILKIE**—Thank you, Ambassador, for coming along today. I was in Egypt a few years ago just before the current conflict in Iraq. At that stage I think the Egyptian economy was not doing very well, and there was a large degree of poverty. On the way in from the airport or even on the way out to the pyramids, you could notice the huge number of buildings that had been only half completed because of that downturn, and people were living in a high degree of poverty. To what extent has that changed? Have those buildings started to be completed now?

**Ambassador Tawfik**—I hope that if you are among the people who go to Egypt this fall you will notice the enormous change that has taken place. That does not mean that Egypt has no poverty—there is a certain percentage of poverty in Egypt—but, of course, as the overall economy grows, basically poverty goes down. We are at a time when the economy is growing and, more importantly, when the prospects for further growth are enormous. There is a lot of optimism, and I think that that is a very important factor in fighting poverty.

**Mr WILKIE**—You have a fabulous country. One of the things we had pleasure in visiting was the flour mill in the south that uses only Australian wheat. I believe that produces one of the best flours in the world.

**Ambassador Tawfik**—Yes, I think Australian wheat is very highly regarded in Egypt in terms of quality, in particular. One of the areas we will be exploring is how to increase our work together in this regard. One of the things we have in mind is to turn Egypt, particularly the Ain Sokhna area, into a sort of regional hub for redistribution of food products. Australian companies may be interested in that regard. We have already had a lot of discussions, especially with the Wheat Board, in that regard.

**Mr TURNBULL**—There have been a number of initiatives to renew interest in the cultural history of Alexandria—the re-establishment of the library. Alexandria's great strength in recent centuries was obviously the diversity of its population and its multiculturalism. Are you seeing in Alexandria, or in Egypt more broadly, an attitude that is more open to other cultures so that that cultural diversity of at least one city—Alexandria—may be reinvigorated?

**Ambassador Tawfik**—Thank you very much for that question. I think the re-establishment of the Library of Alexandria was a very ambitious project. What it was looking for was not just

having in Egypt, in Alexandria, a world-class library but, more importantly, in stressing the spirit that has always really been Egypt's spirit—that of respect and of different cultures living together. Of course, in Alexandria, that remains the case. Also, nowadays in Cairo, the multicultural aspect of Cairo is very evident. I am sure you will see that on your visit.

It is particularly important today in view of the fact that you have a number of extremist tendencies—which are not limited to Islam, by the way; they exist in many cultures. It has made it imperative that we stress not only the need for different cultures to live in harmony together but also the example that this has been taking place for centuries and that it can take place. In particular, an Islamic culture like Egypt is very open to other religions, but other cultures also.

You mentioned the Library of Alexandria. There is a new European, Mediterranean organisation about cultural exchanges and cultural dialogue and a number of European countries were vying for the venue to host that organisation. In the end, the Library of Alexandria won that seat. The reason for that is that there is a general acknowledgement, No. 1, of the contribution of Alexandria in coexistence among cultures; and, No. 2, of the importance of stressing that and making people more aware of it.

**Mr TURNBULL**—The oldest religious community in Egypt is the Christians, the Coptic Christian community. They have been under a lot of pressure, certainly since the Nasser years. Could you comment on how the Christian community in Egypt is faring nowadays under this more enlightened view of the world that you have described?

**Ambassador Tawfik**—Let me give you a bit of background. The first church to be established outside of Jerusalem was the Church of Egypt. So when we talk about Christianity in Egypt, we are talking about something that was instrumental in the evolution of Christianity worldwide. The language that was used in Egypt at the time when Christianity spread to Egypt was the Coptic language. 'Copt' is a word that emanates from the Greek; it means 'Egypt'. It was the Egyptian language at the time. It was basically a degenerate form of ancient Egyptian language. So the sort of culture that existed in Egypt at the time was an evolution of the ancient Egyptian culture. In a sense, there was an intermarriage between the Christian culture and Christian ideas and the original ancient Egyptian culture.

When Islam came to Egypt, there was a process in which the majority of Egyptians converted to Islam. This process was not sudden, as many people think. It took at least 500 or 600 years. In the beginning you had Moslem Copts and Christian Copts—basically Muslim Egyptians and Christians. The fusion that had previously taken place between the ancient Egyptian culture and Christian values took place at another time and incorporated Islamic values. My foreign minister, in a statement to the Egyptian Senate a few weeks ago, made this point. He said: 'Our culture is an ancient Egyptian Islamic Christian culture. This is what we are.' Many of the practices we have are the same practices with slight variations according to religion. If you have a group of people in a room it is impossible to distinguish who is Muslim and who is Coptic. There is absolutely no way to distinguish in terms of the language spoken, in terms of the cultural background, in terms of the ideology, in terms of the education. It is absolutely impossible to distinguish.

So first of all I want to go back to the idea you raised about the Nasserist years. If you talk to many people in the Egyptian community who came to Australia during the Nasserist years, both

Muslims and Christians, you will find that they were opposed to the Nasserist regime. But that does not mean that the majority of either Muslims or Christians in Egypt were opposed to the Nasserist regime. The Nasserist regime was basically a secular regime. People's positions towards the regime were ideological rather than religious, and therefore there is no relation.

As to the situation of Egyptian Copts today, as an ambassador, when I go to a country and I want to assess the situation of a minority, the first thing I do is try to get some objective indicators. Two of the most important objective indicators are wealth—whether or not this minority is in the average range of wealth—and education: are they as well educated as the average person? These give me a pretty good indication. It is a well-known fact that regarding the wealth of the Copts in Egypt they are either average or above average. Regarding education it is the same. There have been a number of issues that the Coptic community have raised and I believe that all those issues have been dealt with. The major issue that they raised was the need to stress the Christian component of Egyptian culture, and this is a perfectly legitimate point. As I said before, our foreign minister made that point in the Senate and it is a point, it is true, that everybody accepts. But it is something that we need to stress more. We have made changes in our educational curriculum to make this point very clear to all generations.

**Senator FERGUSON**—Do you have any Coptic Christians in the parliament?

**Ambassador Tawfik**—Of course, yes.

**Senator FERGUSON**—Are there many?

**Ambassador Tawfik**—There are a number of Coptic Christians in the parliament; there are a number of them chairing committees. I do not have the exact percentage.

**Senator FERGUSON**—But it is a reasonable number?

**Ambassador Tawfik**—Of course. And there are Coptic Christians in the government as ministers.

**Senator FERGUSON**—Would they be able to attend the Muslim universities?

**Ambassador Tawfik**—I do not know whether they would wish to attend the Muslim universities or not—that is a different issue. Legally speaking, there is nothing to prevent them. We have Muslim universities and Christian institutions of learning. It has not been the practice of either to wish to attend the other.

**Senator FERGUSON**—That's fair enough.

**Ambassador Tawfik**—In fact, within the purely scientific study of history, either Coptic or Islamic, you find a mix of different religions.

**Mr WILKIE**—The Coptic Church have their own pope, Pope Shenouda.

**Ambassador Tawfik**—Yes. We are trying to convince him to come over here and visit Australia, and I hope we manage to convince him soon. Before coming over to Australia I went over to meet him. Certainly, the intention is there.

**Mr TURNBULL**—I have a quick etymological question: ‘Copt’ comes from the Greek ‘Aegyptos’ for Egypt. Do you know what the etymology of ‘Aegyptos’ is?

**Ambassador Tawfik**—No, I am sorry.

**Mr TURNBULL**—I have never been able to find out, and I thought you might know.

**CHAIR**—It is an interesting question. Ambassador, thank you very much. You are so articulate that we could have sat here all day, but the next witnesses might have started to slow clap. We appreciate that and the frankness with which you have answered our questions.

I think it is true to say, with the increasing development of your economy, it does represent real opportunities for Australians at all levels to be involved. We welcome that opportunity. The fact that many of our people trace their origins back to Egypt is significant in increasing that relationship. We appreciate your coming today. We look forward to seeing you before we go away, and we look forward very much to visiting your country—in my case for the first time.

[10.45 am]

**HOFFMANN, Ms Elizabeth, Acting Assistant Secretary, Temporary Entry Branch, Migration and Temporary Entry Division, Department of Immigration and Multicultural and Indigenous Affairs**

**KESKI-NUMMI, Ms Arja, Acting First Assistant Secretary, Migration and Temporary Entry Division, Department of Immigration and Multicultural and Indigenous Affairs**

**CHAIR**—On behalf of the Trade Subcommittee, I welcome the representatives from DIMIA. Of course, as you are aware, as you have been through this before, we prefer all evidence to be given in public. I am sure this one would be entirely in that case. You know about the importance of this without me reiterating. I now invite you to make an opening statement, and we will follow up with questions.

**Ms Keski-Nummi**—Thank you very much for the opportunity to make a presentation. As you would be aware, we have not yet lodged our submission, which is due at the end of this week.

**CHAIR**—That is all right.

**Ms Keski-Nummi**—We will have it to you by the end of the week.

**CHAIR**—That is great.

**Ms Keski-Nummi**—I thought I would just make a couple of opening statements and then follow up through any other issues that you would like to pursue. As the inquiry is examining opportunities for expanding Australia's trade and investment relationships with North Africa, I thought I would focus on two particular areas. One is productive diversity in the Australian community and the opportunities that provides. The other is matters relating to certain visa programs—namely, the students, visitors and business visas, as they are usually the ones that are focused on in relation to emerging opportunities. According to the last census, apart from Egypt the communities that you are inquiring into are quite small in Australia. The Egyptian born community in Australia was around 33,425 at the last census. Libyan born persons in Australia numbered 1,408; Morocco, 1,198; Algeria, 979; Tunisia, 423. So the communities are quite small apart from Egyptians.

**CHAIR**—What if you go back one generation? Are you able to tell that or not?

**Ms Keski-Nummi**—We may be able to get some additional information on Australian born second generation. We could certainly address that in the submission. As you would appreciate, cultural diversity of Australia's population represents a real competitive advantage for Australia, capturing opportunities that might emerge in trade and investment relationships. It comes from issues such as language proficiency, the cultural knowledge of other communities and the awareness of overseas business practices.

The department over recent years has been working with businesses and others in developing resource kits and tool kits around training and establishing a register of people from different backgrounds, language skills and so forth that businesses and governments can tap into in terms of either employment practices or looking at new and emerging opportunities. The kit that has been put together I thought I would hand over to the committee. We can certainly arrange to have more sent over if you would like. It goes through the sorts of things that we have been working on, particularly with chambers of commerce and others, in terms of providing training opportunities and so forth. There are a number of case studies there—for instance, halal meat and Egyptian doctors in Australia. It is one of those areas where there are opportunities for all of us to take advantage of in relation to the diversity of the Australian community.

To move to the visa programs, no doubt when you are travelling you will get questions about visas and how hard they are to get. I thought I would focus very briefly on our visitor program, students, our processing times and some of the service delivery strategies we have in place to facilitate as much as possible applications for visas to Australia. As you would know and appreciate, the role of the department is to support strategies for growth by facilitating the lawful entry of people into Australia. It is around those areas that we in particular focus a lot of our strategies.

The numbers out of North Africa are not extremely high. Egypt is the exception to that. By the way, I am not going to be talking about arrival statistics but just grants of visas, which is sometimes slightly different from arrivals. We approved 1,900 visitor visas for people out of Egypt, of which around 504 were for business visitors. The majority of people who apply to come here are probably visiting family and relatives. The approval rate currently is at 80 per cent.

**CHAIR**—Of business applicants, or in total?

**Ms Keski-Nummi**—Of total visitor visas. I have not got a disaggregation with me but we can certainly address that in the submission.

**Senator FERGUSON**—What are the main reasons for refusing visas?

**Ms Keski-Nummi**—The main reasons would be under the sort of catch-all phrase that we have of ‘bona fide visitors’—that is, that on the assessment of the application the person does intend a genuine visit to Australia. In Egypt we also have a level of fraud in the documentation that we receive. That is an area of some concern to us and our compliance officers are now looking into it a bit more.

**CHAIR**—A level of fraud in the applications?

**Ms Keski-Nummi**—In the documents that are submitted with the application—for instance, if we request financial statements for business and so forth. Last year we issued 118 visas for Algerians, of which 65 were for business visitors. The approval rate there was 87.5 per cent. For Libya we issued 121 visas, of which 108 were for business visitors. The approval rate there was just slightly over 93 per cent. For Morocco we issued 164 visitor visas, of which 49 were for business visitors. The approval rate was just on 84 per cent. For Tunisia we issued 73 visas, of which 38 were for business visitors and the approval rate was just on 83 per cent. The numbers

are small. By comparison to previous years, they have remained fairly steady—with the exception of Algeria and Libya, which have gone up, and Tunisia, which has decreased over the last couple of years.

**Senator FERGUSON**—Can we incorporate that table in *Hansard*?

**Ms Keski-Nummi**—These figures will be in our submission. We still need to go through our clearance processes. I have the non-return rates, which the chair knows a bit about and gets annoyed with us from time to time, I am sure.

**CHAIR**—Never.

**Ms Keski-Nummi**—Egypt continues to be an area of concern for us. The non-return rate this year is 4.7 per cent. To explain the non-return rate, we look at the visa that a person enters under and whether they have then become unlawful or applied for a protection visa or for visas other than another visitor visa or skilled migration visa. So it is applications for spouses and so forth.

**Mr PROSSER**—What would it be if you excluded those?

**Ms Keski-Nummi**—We will provide you with that information. I do not have it in front of me. We do have a modified non-return rate which we can provide to you. That will give you a better sense of the outcomes we are not seeking, rather than looking at people who remain lawful in Australia on another type of visa.

**CHAIR**—None of them would have been successful in claiming refugee status, would they?

**Ms Keski-Nummi**—There would always be a small percentage from most places where they may be successful. I have not addressed that particular issue.

**CHAIR**—Of the students, how many overstayers did you have as a percentage?

**Ms Keski-Nummi**—We do not have the compliance statistics on students with us at the moment. We are waiting for our end-of-year reports in relation to that.

**CHAIR**—It might be quite useful in terms of the paper we got from Macquarie University—I do not know whether you got a copy of it. It may be useful to have a look at that, because they are quite critical. They have tried to develop the number of students coming to Macquarie from these countries and are blaming DIMIA.

**Ms Keski-Nummi**—Our shoulders are broad. Generally speaking, apart from Egypt and Tunisia, the non-return rates are quite low and certainly under what we call the global average. The global average is currently 1.2 per cent. And it is around the same for Algeria and Libya—around 1.2 per cent. Normally the compliance outcomes are quite good.

**CHAIR**—Just as a comparison, what is the overstay rate from the UK?

**Ms Keski-Nummi**—I have not got it in front of me. If you would like, we will certainly provide it to you. The global average of course takes into account all, and a large proportion of

the 3.3 million visitors that arrived, as you would know, are from the UK. They are always slightly high, but not PV applicants. The average processing time for visitors is around 11 working days. That can go up, and does, if there are any additional checks that we need to do. But the median at the moment for all visiting visas out of Cairo is 11 working days.

I will mention a little bit on students first of all, and then I will go to some of the sorts of service delivery arrangements that we either have in place or are looking at putting into place. With students from North Africa, the largest group of students in Australia are from Egypt, with 160 visas issued this year. Libya is the next highest, with 93 per cent of visas issued; next is Algeria, with 18; Morocco, with nine; and Tunisia, with five. Interestingly with Egypt and Libya, we have seen quite a growth from a small base, but it certainly has been growing. The growth for Egypt is 46 per cent in terms of the previous year's outcomes, and it is 16 per cent for Libya.

We have had some discussions with a number of large business communities which are interested in sponsoring students to Australia or providing scholarships, and we are working through the student visa requirements with them at the moment and how we may be able to support them in that. The processing time for students is currently 71 working days. That is, on average, around 10 weeks, which is probably a little bit higher than we would like for such a small caseload, and we will certainly need to address that as well.

In terms of service delivery strategies, as you would be aware, our post in Cairo processes all of the applications. At this stage, all applications from North Africa are what we call paper based applications—that is, there are no electronic facilities available for applications to be made over the internet. However, we are currently trialling electronic lodgment for student visas out of several high-risk countries. Once we have evaluated that, we will certainly look at what our expansion strategies would be to allow for internet based lodgment of student visas from other parts of the world as well.

We have also started moving in the direction of having strategic partnerships with various agencies that could be what we call our 'reliable business partners' which may be able to take applications and courier them to our posts. That means that we can have broader, if you like, service delivery strategies around so that people do not have to travel to Cairo or post their applications to Cairo. They can lodge them locally and we then have arrangements for the delivery of those applications to our office in Cairo for decision making and for returning the passports with the visa labels.

We continue to look at how we can best provide those sorts of services. Certainly we are seeing some dividends from that in other areas. We will continue to look at whether there is a business need in this region as well. We will certainly look at that. I will leave it there and open the floor for any questions.

**CHAIR**—Thank you for your presentation. I think we recognise that it is not easy in terms of the requirements that you have for filtering applicants who wish to enter Australia, especially as it is an interesting part of the world from which you receive the applications. Bearing in mind that a number of us were on the visit to the Gulf States last time—

**Ms Keski-Nummi**—Yes.



**CHAIR**—I think the key complaint we have is the length of time it was taking for business and tourist visitors. It was taking about 10 days on average. The problem is that we are in a competitive market where visas are being issued on the same day. That length of time was negative. So there is the length of time for the normal tourist and business visitors and for students there is the length of time and the number that are knocked back.

There is an interesting article by Andrew Vincent, who is the director of the Centre for Middle East and North African Studies at Macquarie University. He says:

We have sent several of our students to Morocco with very positive results but last year the agreement was cancelled by the other side as none of the students nominated to study at Macquarie had been able to obtain visas.

I do not know whether you have any comments on that, but they are two of the things I would like to address as an opener. I suppose the third aspect in presenting this paper is that sending everything to Cairo may not necessarily be positive—perhaps if they had more, sending to Paris or Rome might be quicker. I am sure there are other aspects that we will want to pursue.

**Ms Keski-Nummi**—I cannot comment on the particular cases of Moroccan students but certainly I can try to look into that a little bit more. Without being able to look into the cases, I just would not know why the decisions were made and whether it was because of the length of time taken to process their applications. We work very closely with other agencies in certain areas because we need to, due to the processing arrangements we have in place. Whether there is anything around that, I really cannot comment on. In the normal processing of a student application, Morocco is what we call an assessment level 3 country, which is at the higher end of the risk matrix. Therefore, there are higher levels of evidentiary requirements. For example, the English language test is required and the financials are higher and so forth. Whether that has had an impact on the attractiveness is something that we would have to look at as well.

**CHAIR**—Is it proposed that we have a DIMIA representative at the new embassy in Tripoli or not?

**Ms Keski-Nummi**—I would have to take that question on notice.

**CHAIR**—Also, in terms of whether it is more appropriate to be sending them to other places such as Paris or Rome—

**Ms Keski-Nummi**—The strategy that we have been pursuing over a number of years now is to have a major processing centre out of Europe. This is now in Berlin. We do not have visa issuing officers in Spain or Lisbon, for instance. We have locally engaged staff in Rome and Paris—I would have to check on Rome. So we have some locally engaged staff, but most of the decisions are now made out of our office either in Berlin or in London. We would have to look at where would be the best place to send them. But, as I said, the reliable business partner strategy that we have put into place is one of the areas where we look at what opportunities we can provide to partner with people on the ground who can actually take the applications and courier them to us directly and in that way be able to provide a speedier service to places where we simply do not have a presence and are not contemplating having a presence.

**Senator FERGUSON**—Algeria is covered by our post in Paris. Why would you not expect people in Algeria to apply for visas in Paris, which is part of its jurisdiction, rather than send them to Cairo? I cannot see the logic in it.

**Ms Keski-Nummi**—I do not think that we have visa issuing facilities in Paris.

**Senator FERGUSON**—You said that it takes 11 working days on average to process a visa application in Cairo. If I were to fill out a form in Morocco somewhere and put it in the post, how long before I got a reply?

**Ms Keski-Nummi**—When I say 11 working days, that is from the date that it is delivered to the embassy and registered on our systems. So it really depends on what the postal services are like. That is why I said that we are looking much more closely at using other types of agencies, like DHL, for instance. In Dubai and elsewhere we use some agents who actually do that for us. We have service standards with them to get things across quickly which means that, rather than relying on a postal service, we can get couriered applications in as quickly as possible. When we talk about our processing times, it is from the time that it arrives at the embassy. We do not have control over how long it takes to get there.

**Mr PROSSER**—There is a cost for the courier service.

**Ms Keski-Nummi**—The courier company would make a charge on that.

**Mr PROSSER**—As I recall, we had that problem in South America.

**Senator FERGUSON**—Yes, the high cost. The real problem as I see it is that, while I can understand that where there is a high rate of overstayers you have a particular difficulty and the processing has to be very careful, you have already said that the rate of overstayers in some of these countries is very low. We are trying very hard to do what we can to see what opportunities there are for trade, investment, tourism and all of those other things that are involved. If we are putting hurdles in the way of people coming to Australia by making it difficult for them to get a visa, because they have to send it to Oodna Woop Woop to get it, there must be some way we can overcome the difficulties.

**Ms Keski-Nummi**—I think I mentioned to you earlier that we are trialling some electronic visa application processes at the moment. That is our long-term strategy to see how many we can get, particularly in terms of visitors and students, onto an internet based application process. But we need to be able to do that in a measured way. There are certain checking requirements there, which we will not be able to change.

**Senator FERGUSON**—I understand that.

**Ms Keski-Nummi**—Over the next 18 months that is the strategy that we will be working towards. As I said, we are trialling it with students at the moment. We will be doing an evaluation of that trial, and that will then inform us as to how we are able to expand and what systems changes we may need to make to ensure the integrity of the visa programs.

**CHAIR**—It seems to me, though, that when we went around the Gulf States and looked at tourism and business the big complaint was how long it takes. Sometimes I wonder whether, in putting money into Austrade and Tourism Australia, we should look at that component of the resources that you guys have in order to facilitate this. It was certainly one of the big aspects of why there was a problem last time. I understand that you have finite resources, but it is an impediment to trade and to tourism, which we are obviously concerned about.

**Ms Keski-Nummi**—I am straying off the subject of North Africa at the moment, but we are currently in a peak period with the Gulf States. We have certainly seen that the electronic visa application process has really taken off there this year after a fairly slow start. We are getting some very good feedback from that. But there are limits to how much we can actually push down those processing times.

**Senator FERGUSON**—One of our submissions tells us that other countries such as the US, New Zealand and the UK process visa applications much faster than Australia. I cannot understand why we should be lagging behind those three.

**CHAIR**—That is the valid aspect of it. I understand that there is a security component and people are always saying, ‘We do our bit but, when it goes to other agencies, it takes time.’ If other competitive countries are able to do it much more quickly then it is an area of reform that we need to be looking at.

**Senator FERGUSON**—At present, I reckon you would get a US visa application processed faster than you would get through their airports.

**Ms Keski-Nummi**—We continue to have a fairly robust dialogue with other agencies such that we may be able to put into place processing arrangements that would deliver a faster result.

**CHAIR**—That sounds a very nice answer.

**Mr TURNBULL**—You mentioned there were 33,000 Egypt-born people resident in Australia. Do you have a breakdown as to their background, whether they are Copts or Muslims?

**Ms Keski-Nummi**—This information comes from census data. We could certainly have a look to see whether the last census also gave a breakdown by religion. There may be religious affiliations in there that would give some sense of that.

**Mrs DRAPER**—You mentioned fraud before as a concern. With internet applications, wouldn’t that in some way facilitate a greater propensity to commit fraud, in terms of particulars and those sorts of things?

**Ms Keski-Nummi**—We are quite confident that the internet supports us in terms of being able to manage the programs with much higher levels of integrity. The electronic visa lodgment process works—where we are trialling it at the moment—via an agent log-on, so we actually work very closely with either education agents or travel agents and give them a log-on ID. They have to sign up to a code of conduct. There is a facilities access agreement and we do regular pre- and post-application audits of the documentation, because documentation is still required to be submitted in certain instances. If we find that there are any problems or we find that the non-

return rate is going up as a result of the electronic visa application process, we can then remove that log-on identification from those particular agents. That in itself means that they lose their competitive advantage in terms of selling Australia to either students or visitors. It helps us to more strategically and better manage some of the opportunistic fraud that might go on.

**CHAIR**—Thank you for coming today. We may come back to you—I am sure we will—after we have been to these places and listened to the litany of complaints. I sympathise with you regarding the challenge that you have and the resources that you have, but also, from our perspective, we want to make it easier to facilitate entry to Australia, while ensuring that we consider the security aspects.

[11.15 am]

**DOODY, Mr Leith, Director, Corporate Services, Australian Trade Commission**

**KENNEDY, Mr Lee, Manager, International Liaison Unit, Europe, Middle East and Africa, Australian Trade Commission**

**LINFORD, Mr Peter, Consul General and Senior Trade Commissioner, Dubai, Australian Trade Commission**

**CHAIR**—On behalf of the Trade Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I welcome the next witnesses. It is great to see Austrade here in strength. Thank you for your assistance today. Peter, thanks for your assistance and your recommendation of a program for us. It has been very useful. Undoubtedly, we will continue the dialogue. I appreciate you coming first thing this morning to listen to some of the input we had. As you know, we prefer evidence to be given in public, and I am sure that will remain the case. Although the subcommittee does not require you to give evidence under oath, you know it has the same standing as the proceedings of the parliament. I now invite you to make an opening statement, and we will proceed to questions after that.

**Mr Doody**—I would like to thank you very much for this opportunity to present evidence to you today and make a submission to your committee. I highlight that, as the Australian government's agency responsible for trying to assist Australian entities to grow their business by expanding internationally, we have an increasing focus on regions like this very one that we are talking about today, notwithstanding the effort that is going into those regions where bilateral agreements are starting to be worked on or enjoyed. It is in that context that I would like to position our words today and pass to Mr Linford to take you through some of the things that we are doing in the region.

**Mr Linford**—There are a lot of familiar faces. The mission to the gulf last year was a tremendous success and also a lot of fun.

**CHAIR**—Thank you for your hard work too and your presentation, which was excellent.

**Mr Linford**—I am looking forward to this one in North Africa being equally as enjoyable and perhaps even more successful. From the outset, it is wonderfully opportune for us, whether the committee was going to North Africa or not, that we are now opening our own offices in North Africa and expanding resources there to pick up what we think are opportunities that we have not taken advantage of in the past and that we think can grow Australia's trade in terms of not only value but also where Austrade focuses on the number of companies that do business in the region. Until now, we have split our activities in that part of the world from Cairo running across North Africa and also from Paris running into the Maghreb states. We want to continue to keep that connection, so in actual fact we see complementarities and the opportunity to migrate clients not only from both Europe and the Paris post into North Africa but also from North Africa up into France and greater parts of Europe.

Primarily, our view is that the states are Arabic in nature. Some of the commonalities include not only language and culture but also religion, so the linkage into the Middle East region we see as perhaps having a stronger complementarity. With regard to some of the challenges and issues—both real and perceived—the distance from Australia is first and foremost a big issue. This includes not only the proximity from Australia but also the close proximity to Europe. You have heard the presentation by the Algerians and Egyptians this morning and, without question, the majority of trade is happening with European countries. That is a challenge for us. We have some areas of trade in which we will compete directly with the Europeans and will have trouble competing, but we will have strength in other areas. Australia's capability in dryland agriculture is one. I think motor vehicles is another area in which we will have greater opportunity. We will also have greater opportunity in a lot of our services sectors.

One of the other problems—and this has been something we have had in the Middle East and worked strongly on, and I think we have made progress; certainly the numbers that have been produced have shown that—is the lack of knowledge and awareness, first and foremost in Australia. If you say to Australian companies, 'Consider North Africa,' they really have no idea what they are looking at, where they are looking at and who they are looking at, except for a small, select number of companies. Most of those are the larger companies or commodity traders. From an Austrade perspective we are very interested in broadening that across other industry sectors and bringing in a lot of the SMEs.

But it is in the reverse as well. The awareness and perceptions of Australia in the North African region are very limited and minimal. They know it is a place a long way away with a funny language and kangaroos. They do not really know a hell of a lot more about it than that. The reality is, of course, that, if you travel from somewhere like Cairo, it is actually closer to fly to Perth than it is to fly to the east coast of America. The west coast of America is a lot further away than the east coast of Australia. These are things that we have to put across.

So it is an issue of being able to undertake activities in partnership with allies, including DFAT and also a lot of the industries in the states, to raise awareness of Australia in a generic form and also to target and focus on some specific industry sectors to get that awareness up. I think we do that through visits such as the one the committee will undertake, but also through trade missions that have been led by various federal and state ministers, trade exhibitions, individual company business matching, buyer visits and as many high-profile visits from the region into Australia as possible. We have managed to have a few of those out of Libya in the last couple of years and that has helped our situation.

**Senator FERGUSON**—You talk about distance being one of the main problems, yet in spite of that the US is Egypt's largest trading partner. Is there a reason for that?

**Mr Linford**—A lot of the trade with Egypt is a direct reflection of the money that the Americans have put in both from an aid perspective and from a government-to-government military connection. We have not had that. Until now, from Austrade's point of view, we have only had a presence in Cairo. We have not had a presence in Libya at all. But, from the beginning of this year, we put our first locally engaged person there. It is proposed that from October we will have an A-based consul-general and a senior trade commissioner, plus three locally engaged staff based in Tripoli. They will cover from Tunisia across to Morocco. This is separate to what this committee is looking at but it is certainly not irrelevant: it will free up

resources in our Cairo post to have a greater look across other parts of North Africa across to the African Horn. That includes Sudan, Eritrea, Ethiopia, Somalia, Djibouti and those countries where we think there is also a particular opportunity for World Bank aid and United Nations funds to go into. This will be in areas where Australia has strengths and capability, such as in dry agriculture, health, education, ICT and those types of services.

Some things that were mentioned this morning we see as issues. Unemployment is an issue in the region. However, it is also an opportunity because transfer Australian education services can ramp up. At the moment out of Libya, for example, there are 5,000 full scholarship government students going to the UK alone. We believe we have a great opportunity to grab a share of that market. Some of the figures that were put forward by DIMIA were low, but if you have a look at the year-on-year growth they are actually ramping up.

**CHAIR**—To what extent do you think the visa issue is a problem with that?

**Mr Linford**—In fairness to our DIMIA colleagues, I think if you look at the growth in number of visas coming out of the Middle East region—that is specifically where I look at because all of the GCC visas are issued out of Dubai—there has been year-on-year growth in the three years that I have been there. It was below 20,000 visas and I expect it to exceed 40,000 this year. Last month 7,000 visas were issued out of the Dubai post. So, even with the security issues that we have had on the visas and the ramping-up of resources—

**Senator FERGUSON**—Which visas are you talking about?

**Mr Linford**—It is across the board. You can look in any category and they have all had pretty much a uniform percentage increase.

**CHAIR**—Is length of time the same as it was before—10 days?

**Mr Linford**—I have been very impressed with what DIMIA have done in the last two months during the summer rush. They really have done some good things. The main ones that we really look at are the VIP ones that come in—those who say, ‘I bought my ticket tonight and I would like a visa now.’ We get quite a number of those. But DIMIA have done a terrific job in getting those through. I am not a big fan of the internet visa process. I see an issue with that because the approval is done through Tasmania. Therefore, if an application is put in, we cannot actually take control of the approval of the visa at post or necessarily get information back on how that one is tracking.

**CHAIR**—I understand—where you would know the individual and the company.

**Mr Linford**—If the application is put in in Dubai, we can work with DIMIA and say to them: ‘This is a person of this stature with this level of business or this level of government’; then we can put that into a VIP fast-tracking mechanism.

**Senator FERGUSON**—Where is it done? In Tasmania?

**Mr Linford**—Yes, I believe that is the case.

**CHAIR**—I am sure there are good reasons for it.

**Mr TURNBULL**—Really?

**Senator FERGUSON**—I am just waiting to hear them!

**Mr Linford**—I believe the theory behind it is quite sound. It is a matter of finding out what the issues are as you run into that process then actioning and correcting on them. I should not talk too much about DIMIA. That is the DIMIA side of things. For all the criticism the guys get, I think they have really improved their game. The number of applications have increased significantly during that same period of time. So they have had to improve on the mass they have had but then cope with a higher mass at the same time.

**Mr TURNBULL**—Does that mean that somebody could apply for a visa in one of the countries that you are aware of and, unless it were drawn particularly to your attention, you would have no idea that the visa had been applied for?

**Mr Linford**—That is probably the case. There are 40,000 visas; I like to keep track of most of them.

**Mr TURNBULL**—Obviously, for people in the business area.

**Mr Linford**—Sure, if those companies bring it to our attention. Within the Middle East-North Africa area, Australia now has close to 40 staff and those staff would get 20 outcomes per year per staff person and are probably working with 50-plus companies per year. So if any one of those relationships and connections are connected to a visa, they can bring it to our attention.

**Mr TURNBULL**—Is there any method of connecting a visa application with a company or a person with whom Austrade has a relationship?

**Mr Linford**—Only if they tell us they are travelling.

**Mr TURNBULL**—But they have got to tell you.

**Mr Linford**—Us, or some part of the Australian network. Getting back to awareness, culturally in that part of the world, the attitude is: 'I want to travel today and I need a visa today.' We just do not do that. So we are trying to better educate people on our systems. I say to anyone whom I know is going to Australia: 'Apply for a visa even if you do not have a ticket or a plan to travel this month. It lasts for a year; then you will be able to get on a plane anytime you want.'

**Senator FERGUSON**—With electronic visas, it is okay for all those who get accepted straightaway but, in the event of a visa being refused, do you then hear about that, or is it only if the person who applied for it comes to see you?

**Mr Linford**—I have heard of a few of them through your office! Yes, I do get to hear about them but, again, in fairness to my DIMIA colleagues, I would say 95 to 99 times out of 100 any visa that is rejected is rejected on sound grounds.



**Senator FERGUSON**—I accept that. Do they tell you the grounds on which they have been rejected?

**Mr Linford**—Yes.

**Senator FERGUSON**—Do people ever come to you and say, ‘My visa’s been rejected on these grounds and I don’t think they’re justified because of so and so’? Do they then come to you?

**Mr Linford**—Yes, and we will look at them and will talk to DIMIA with them. Usually we find that somebody who should have got a visa did not fill in the application correctly or did not provide the information; then they resubmit and are approved.

**Senator FERGUSON**—I have no objection to knocking them back, provided they have got good reasons.

**Mr Linford**—I think they are genuine.

**Mrs DRAPER**—What do you think is the reason for the huge exponential growth in visas being applied for and/or issued?

**Mr Linford**—I think it is based on a number of factors. First and foremost, it is probably the great work that Austrade has been doing to develop avenues.

**Mrs DRAPER**—We knew that! Could you elaborate?

**Mr Linford**—Let us look at the promotion and the increase in flight frequencies—I suppose it is with Emirates more than anyone; at the end of this year, they will have 56 flights a week coming to Australia. They have to fill that capacity so they certainly work hard to do that. But other airlines are also pushing that case.

**Mrs DRAPER**—Was that 56 flights per week?

**Mr Linford**—Yes; double dailies to Perth, Sydney, Brisbane and Melbourne. First and foremost, I would give those guys an awful lot of credit.

**CHAIR**—Are they doing a lot of promotional advertising?

**Mr Linford**—Yes. There have been huge billboards and television and print information all over the place. It is very good. The increasing number of students has been a factor of good promotion by DEST and by other federal agencies.

**CHAIR**—You have somebody based in Dubai who handles the educational side, haven’t you?

**Mr Linford**—We do it from two perspectives in Dubai. We have a DEST office, which has one A-based person and two locally engaged staff. They work on the promotion of generic Australian education and government-to-government relations. Within Austrade there are about five people throughout the region who work pretty much full time on education, and more and

more they are working hand-in-hand with individual institutions as they would with a company, and there is significant overlap between the two.

**CHAIR**—Does the DEST officer in Dubai cover North Africa?

**Mr Linford**—Yes she does. It is a big region.

**CHAIR**—But the applications go to Cairo, do they, rather than to Dubai?

**Mr Linford**—Are we talking about visas?

**CHAIR**—Yes, student visas.

**Mr Linford**—That is correct.

**CHAIR**—The officer in Dubai has responsibility for that?

**Mr Linford**—No. The officer in Dubai has responsibility for the promotion of Australian generic education. She does not have any involvement or responsibility for visa processing because that is a DIMIA issue. She works for DEST.

Some other factors are that there has been a shift away from the US and Europe since 9-11, and there are other concerns including not only security but also cost issues. I do not think it matters which part of the world you come from, you care very dearly about your children and whether they are safe but you also want them to get the best education for the cost. I think there is a greater awareness that Australia covers all of those aspects. The other part is that, as people visit Australia, they go back and the word spreads. So if one person comes and has a good experience, it becomes two people, then four, then eight and then 16—and that is the track we are running at the moment.

From the student visa point of view I am a little concerned. When I first arrived three years ago we were doing about 300 visas a year out of Dubai for the gulf region, but this year it will be closer to 3,000. That is tremendous growth, but if countries like Saudi Arabia and Egypt really decide to say, 'Australia is our main focus,' and the government scholarships all went to Australia, that could jump to 30,000 in a year. I do not know how we would be able to cope with processing those numbers.

**Mr PROSSER**—How likely would that be?

**Mr Linford**—It is possible. There is definitely going to be an increase in the number of scholarships awarded to Australia from those countries throughout that region. So I expect the increase to continue as it has done. As I said, in a three-year period there has been a 10-fold growth, so another 10-fold growth is certainly possible.

**Mr PROSSER**—To encourage the Saudis to make Australia their destination what should the Australian government do?

**Mr Linford**—I think that what we are doing is already leading to that. There is a different mentality in the student visa process in that people do not expect to buy a ticket and travel today. They know that the process is a longer one. The student visas are taking about 28 days on average, and that is quite reasonable. I think more of an issue would be the ability of Australian institutions to cope with that influx of students rather than our ability to recruit them and give them visas to get here. That would worry me a bit.

**CHAIR**—Are tourists still going in large numbers to the Gold Coast?

**Mr Linford**—Yes. But the people who are on their second, third or fourth visits are venturing to other areas. The Gold Coast has certainly clicked into it, and getting an apartment at this time of the year on the Gold Coast is about three times more expensive than at any other time of the year. Some of the Arabs have rich pockets but not all of them, and so they are looking elsewhere.

From an opportunities point of view, we are seeing economic restructuring throughout the region in different forms, depending on whether the countries are resource rich or not. There has definitely been a consistent shift away from government owned enterprises to the more efficient privatisation of industries, and that presents great opportunity for Australian companies. As to the population of the region, we are talking about 150 million people across North Africa and about 35 million in the gulf region. So you can see that it is four to five times larger in market. The demographic is still very young, and the demographics fit the Australian lifestyle and the types of products and services that we present.

I have already spoken about the links to the Middle East, but one of our big drives will be not only to bring new companies into the North African region but also to migrate companies that we are already having a lot of success with in the Middle East. From then the mind-set would be to move the perception that Australian companies are virgin exporters who do not have any idea of what is going on in North Africa and are worried about security, distance and the way people dress and talk. Australian companies coming up to Saudi Arabia, Kuwait and Middle East countries are already past that stage and they feel quite comfortable to take the next step forward.

Last year, Austrade was recognised by companies acknowledging the services we provide. There were over 400 companies in the Middle East region last year. We believe that we can move 10, 20 or 30 per cent of those companies into the North African region quite easily. That is separate to the new companies, who we think we can bring in from a brand-new point of view. There is a strong demand for products across all the region. It is not a big manufacturing area. Statistically, I am not sure what it is in North Africa but in the gulf, for example, 90 per cent of everything that is consumed is imported and I think it would be a similar track into North Africa.

**CHAIR**—So you have responsibility for North Africa from Dubai?

**Mr Linford**—Yes. That started from July. Until July, I was looking after Egypt and Libya. From July, the posts that were previously being looked after by Paris moved across to us as well.

**CHAIR**—And you are setting up locally engaged staff in Tripoli?

**Mr Linford**—Already there.

**CHAIR**—Is that all?

**Mr Linford**—No, in Tripoli we will be putting an A-based plus three others. So it is a significant post.

**CHAIR**—And which countries will they look after?

**Mr Linford**—They will look after from Tunisia across to Morocco. That will free up Cairo to look after Egypt, moving across to the Horn of Africa. In our submission, you have tables on the types of products and the values of exports that are going into those countries. Some of those are fairly large but I would put most of them as very small in terms of capacity and what Australia could provide. If you look at places like Algeria, it is \$70 million, Morocco is \$9 million and Tunisia is \$1.7 million. They really are insignificant results, and we really have not done anything there compared with what we could do.

I want to talk about the types of industry sectors that we feel we are going to target. There is agribusiness—and in that I would put the standard food and beverages and also live animals and bulk commodities—and also the services sectors: the likes of SAGRIC and GRM and those types of companies are very interested to get into that part of the world. There is education and training, not only bringing students here but having our institutions cooperate with government and private industry in these North African countries to deliver Australian curriculum and education services in-market. There is health care and medical. We think we have opportunities in medicines and health equipment and in particular in health care services. There is infrastructure. Look at countries like Libya, who propose to spend \$US40 billion developing their infrastructure across roads, schools, hospitals and airports. We are already seeing Australian companies doing very well in the Middle East in those areas and we can see that opportunity also in North Africa. You mentioned tourism. We think North African tourism numbers into Egypt—the ambassador said eight million—can increase, as it can all the way across North Africa. When you see places like Tripoli you will see that it has a beautiful coastline and is in very close proximity to Europe. Most of the tourists to the Middle East are coming out of Europe. It is closer to go to North Africa and it is cheaper but they do not have the hotels and the infrastructure.

**CHAIR**—What is the most popular place: Egypt and then Tunisia?

**Mr Linford**—Yes, in terms of tourist numbers.

**CHAIR**—Or is it Morocco?

**Mr Linford**—From memory, Morocco and Tunisia are about the same.

**CHAIR**—What are the numbers?

**Mr Linford**—Seven million was the number I read. We can check that number for you.

**CHAIR**—What about Libya? They are getting tourism on their coastline, are they?

**Mr Linford**—Libya dropped right off, and now they are trying to build it up. The big problem with Libya—and you will see it when you go to Tripoli—is that there are not any hotels there. There is only one what I would call decent hotel, and there is a tremendous opportunity for companies like Multiplex, Leighton's, Grocon and those types to go in and get into the construction side of things, particularly in tourism where I think Libya has tremendous opportunities.

**CHAIR**—The coastline is nice, is it?

**Mr Linford**—Yes, and they also have the ruins.

**CHAIR**—That is not far from Tripoli is it?

**Senator FERGUSON**—The Second World War battlefields.

**Mr Linford**—Yes, the Second World War battlefields are also very big. From Tripoli, the two major sites are day trips. Concerning some of the outcomes that we have achieved, last year 25 applicants claimed EMDGs, export market development grants, in relation to North Africa. Austrade assisted 54 clients, who recognise the assistance that we have given them. Forty-one out of those 54 were in Egypt and 10 were in Tripoli; they were countries where we had some action and some activity. If you compare that to Morocco and Algeria, we had two export outcome impacts in Morocco and only one in Algeria. I think that is very indicative of the fact that if you are not on the ground you are not going to get the outcomes and results. We are getting results out of Egypt and Tripoli, where we are focusing more on numbers of companies than on value. We certainly do not dismiss the value of exports, but one of our Austrade mandates is to get as many companies in there as we can. The number of companies in Egypt in particular has grown from 10 to 41 in the last three years. Tripoli has increased from zero. We see that trend continuing quite strongly.

**CHAIR**—How many have you got in Tripoli?

**Mr Linford**—In the last 12 months we had 10 export outcomes. Our person has been there since only October of last year, I think, so we have not done a full year cycle there yet. And remember, a lot of the outcomes take a bit of time to eventuate. A lot of the work that has been done with companies is turning into outcomes as we speak or will do so in the next six to 12 months.

Five of the companies in those numbers are also brand new exporters who have never exported anywhere before, and that is one of Austrade's other drives. It is interesting when you say to a company that has never exported anywhere that their first export is going to be to Tripoli. At first they look at you as though you are a little bit crazy, but we are seeing those things happen. An interesting one in Egypt, which I promote quite a bit, is a company which does inflatable billboard signs. This was put to a fellow in Egypt and he thought it was a great idea. He puts his on the Nile. He floats his billboard signs up and down the Nile and then he deflates it and moves it on.

**Mr PROSSER**—That is very entrepreneurial.

**CHAIR**—A bit of cultural exchange!

**Mr Linford**—If you think of the exposure that he is going to get there, that is probably better than putting it anywhere else in the world. We look at the uniqueness of the opportunity and ask: is there a buyer, a demand and a need? I think that is a good example of one of them. We have a strong partnership with the West Australian government throughout that region but particularly in Libya. The West Australians have put some money into the office we have there to have resources specifically allocated—mainly the West Australian agricultural sector under Minister Kim Chance.

We have put in some dedicated web site information both for in-market and for Australians, so that we can raise awareness and direct people to do their initial research and study on those parts of the world. From the report you will see increased activity in missions that are going in. These are often led by federal and state governments, but they are also industry specific. Some of them are quite small and focused; some of them are more general. From each of those, not only do we get trade outcomes that we try to business match but also they raise awareness in the region and amongst people who have visited from Australia, who come back and are able to talk about the place from a different view than what CNN and BBC might provide. We will give you a copy of a list of all the events that are coming up and how we are linking to them.

Concerning other things we are doing, we are using that Middle East presence and the results that we have already generated to bring buyers out of Egypt, Libya and other countries to trade events in places like Dubai. We have trade events like the Big Five, for example, which is a building and construction show. About 110 Australian companies participate in that. We are able to select two or three buyers from those countries and bring them to Dubai, and they get to meet 110 countries companies who are set up with all of their product. To take those 110 companies to North Africa at the moment is just too difficult, but this makes that initial connection. From there, the people visiting from North Africa think, 'This is good,' and they want to come to Australia and see more. Also, the Australian companies who have conversations direct with a Libyan, Moroccan or Algerian are then far more inclined to get on a plane and head over.

**CHAIR**—What about the trade show that the Algerian ambassador was talking about?

**Mr Linford**—I have to be honest and say I have not heard of it.

**CHAIR**—Right. I think there was a trade show in Tripoli, when we were originally going to go, in April.

**Mr Linford**—Yes—that is an annual show. We went in it last year and this year. This year we had a smaller participation because it clashed with the Rebuild Iraq show that we did in Amman, Jordan. We put more of our efforts into that one.

**CHAIR**—Fair enough.

**Mr Linford**—The first one in Tripoli was my first visit to Libya. I had a fairly open mind but no idea what to expect going into Libya. I was quite surprised with how liberal it is, how open it is and how easy it is to go through the airport. Men and women are on the street quite freely. I expected to see people with guns—I did not see that at all. People are very approachable and

they approach you. We went into the trade show. I think we had about a dozen companies in there—definitely more when you look at the fact that that the Western Australia government took a cache of companies with them.

**CHAIR**—It was an official Western Australian stand, was it?

**Mr Linford**—Yes, it was. Again it was funded by the Department of Agriculture, so it was focused on that side of things.

**Senator FERGUSON**—Is it an annual event?

**Mr Linford**—Yes, it is. We had companies like Woodside and Santos at the large end. We had some food meat packers. We had—what is the name of the electrical goods company from South Australia?

**Senator FERGUSON**—Gerard Industries.

**Mr Linford**—Clipsal.

**Senator FERGUSON**—Clipsal, which is Gerard Industries.

**Mr Linford**—Yes. Then we had a lady who turned up with hair colouring and hair restoration products.

**Senator FERGUSON**—I should have gone!

**Mr Linford**—She turned up and I said to her: ‘Welcome. Lovely to have you here, but why did you pick Libya?’ She said, ‘Well, we export to about 100 countries around the world. It doesn’t matter where you go, everybody wants to have their hair coloured and men who are losing their hair want it back. So we don’t have any trouble selling our products anywhere.’ And she was actually the first person on the whole stand to sign business and sign an agency. It opens it up for everybody.

We took one of the smaller areas in that show and we found ourselves cramped in the end with the companies that did come over. So our next participation will be a larger presence. We can be quite confident with anyone we take in there that, if they do not do business, it is because their product and their price mix is not right; it is not because they will not meet the buyers who are looking for their products. We can be very confident of that.

There are major areas that we are looking at targeting. It is a market that is pretty much demanding everything, but if we try to be everything to everyone we will spread ourselves too thin and not get those areas. So the area of food and agribusiness is probably first and foremost. If you look in those countries outside of Australia, it dominates the top 10 merchandise exports into the region from Australia. We think we can do a lot more in that, particularly in some of the smaller companies that really do need our assistance. We have one guy from Western Australia who did a good meat sale of lamb into the Libyan armed forces. That turned up on the wharves and there were delays, such is the bureaucracy and sometimes the lack of transparency in these places. But our guy on the ground there, Mourad Benniran, went down to the port and had a talk

with the authorities, and it was cleared within 12 hours. Again that comes back to the fact that, if you have a presence on the ground and you have the network and the connection, the business happens. That particular fellow has repeat sales now.

There are the scholarship students I mentioned, but we see that across the whole region. Of the 282 students, 187 came from Egypt, 65 from Libya, 17 from Morocco, eight from Tunisia and five from Algiers. There is high demand for medical equipment, medicine, services and technologies, both in government and in NGOs. This is an area where we will have high competition with the Europeans, but still an area where we do have expertise and strength. We think we can build on that.

In oil and gas, Woodside have been very generous to us so far with our one person there. They have allowed us to take a desk—an office with support facilities—from Woodside until we open up our own consulate. We have now secured space, which is in the same building as the Canadians and the Brits. We expect to have our people on the ground there in October. BHP are also doing work in that part of the world. We know that we can get SAGRIC and GRM. They have already given us a commitment. We are fairly confident that we can attach quite a number of companies to your visit to the region too, if you want us to do that. There are a number of companies who have already expressed interest to do so.

**CHAIR**—That would be good.

**Mr Linford**—I think I mentioned infrastructure projects. They are needed across the whole part of the region. For countries such as Libya and Algiers that have the money to do so, that is going to be quite interesting. I have noticed informally that there is a great interest in having Australia as the new kid on the block and keep some of these other countries competitive—and even honest and transparent—in the way they do business. I see that if we go in there with the right products and the right prices we can get that type of business.

**CHAIR**—And the World Bank? UN consulting assignments?

**Mr Linford**—We certainly watch all of the tenders that are coming out of the World Bank, and we have database subscriptions to most of the major tenders. Some of them cost us a fair bit of money, but we sub-subscribe those to a collection of companies who help us cover the cost. But we try to give that start-up to those companies so that they get into the tenders at the earliest possible stage, knowing who else is also in the tender and having them positioned with the right networks.

**CHAIR**—That is great. You have been comprehensive, as usual. We look forward to having the briefing.

**Senator FERGUSON**—Peter, you talked about the problems of distance and getting stuff up there. I notice amongst the facts and figures that Egypt imports over \$50 million worth of fresh fruit and vegetables from Australia. That must be flown in, I presume. I imagine most of it would go in by air.

**Mr Linford**—Depending on what is, it could be in reefer, if it were put at the right temperatures before shipping, but most of it would be air; you are right.



**Senator FERGUSON**—If we can get that sort of market in Egypt, where I think the average income is lower than in a couple of the other countries, there must be some opportunities to go into the others, unless they are getting it all from Europe.

**Mr Linford**—No, you are exactly right. I do not think there is necessarily a big problem in distance, in reality, although air freight costs would be an issue. I think it is more a perception of distance that steers people away, both sellers and buyers, who just think, ‘Oh, there’s no way I’d be able to compete there,’ until they try. Remember that there are seasonality issues as well with fresh produce. When it is on in the northern hemisphere it is not on in the southern hemisphere and vice versa. So when we are sending truly fresh produce, we are not actually competing with the northern hemisphere.

**CHAIR**—Would Emirates make direct flights from Dubai to all of these places or not?

**Mr Linford**—They certainly fly to Egypt and Libya. I would have to check that.

**CHAIR**—They fly to Morocco as well.

**Mr Linford**—Yes.

**CHAIR**—Anyway, that is just by the way. I have asked you this in the past, but it may be interesting as we prepare to go on this mission. I know it is difficult to make priorities, but, in your estimate, where do you see, in order, the opportunities for Australia in terms of trade?

**Mr Linford**—In terms of building on the base, Egypt is certainly the largest market. There is a new economy there. They have done their restructuring. They still have some issues, but I think we can build more and more there. But the greenfield opportunity—particularly in Libya, where we will have our presence on the ground and so the government networks and the familiarity will be very strong. But in the other places, the limited number of outcomes is purely because we have not been knocking on any doors—and that has been our fault. But, in terms of a year-on-year percentage increase, I think this will be one of our fastest growing regions. It has a very small base, but nonetheless I think it will be significant.

**CHAIR**—We have excluded Mauritania.

**Senator FERGUSON**—We have been criticised for excluding it.

**CHAIR**—We had the Algerian ambassador—you were there this morning—who said, ‘You should be looking at Mauritania as well, as part of the Maghreb.’

**Mr Linford**—I have been quiet on it, because that would just be one more country I would have to visit, and I would have to explain that to my wife! I think Mauritania does link in, but at the moment the only real things we are doing there are with the BHPs and the Woodsides. I would like to see that grow a little bit more. I do not want to spread us too thin with the countries that we are working on.

**CHAIR**—No, I understand—the same with our tour.

**Senator FERGUSON**—I have a question about the tariffs. I did ask the Egyptian ambassador what the tariffs on motor vehicles were, only because we have been successful in getting motor vehicles into the Gulf States. Do you know what the tariffs are in Egypt for motor vehicles?

**Mr Linford**—I do not, but—

**Senator FERGUSON**—Are they reasonably high?

**Mr Linford**—I do not think they would be any higher for us than any of the other countries, but I will take it on notice and come back to you. But I will talk about motor vehicles—and I did expect a question from you on that. I work fairly closely with Toyota. The success of Australian motor vehicles into the Middle East has been one of our great success stories. About 20 per cent of motor vehicles in the Middle East are Australian produced, and of course the bulk of those are Toyotas. We are talking about a 35 million population market where they have had that success, so if Toyota can get into markets like Iran, where the population is 70 million, or across to North Africa, where the population is 150 million, it is very easy to do the math. So we are working quite closely.

I am going to Japan with Toyota in September—my background is that I spent 11 years in Japan. I am going to talk with Toyota, with Toyota Australia, to speak about what the Australian government is doing and what we see as the issues and opportunities in the Middle East to support the Toyota Australia case to Toyota Japan that the supply into these countries should be coming out of Australian plants, not alternative plants that Toyota could supply from. We believe that North Africa—when the initial mission went to Tripoli, I took the Middle East representative from Toyota with me—are very keen to expand. They have some problems that are related not just to tariffs. Of course, there are the qualities of fuel, the ability to do service and maintenance, picking the right partners and distributors, the closer proximity and the historical cultural links to more European cars than they have had with the Australian car.

**Senator FERGUSON**—While you are working with Toyota, South Australians would not mind if you did a bit with GMH and Mitsubishi as well.

**Mr Linford**—We work with both. There is a very large group of Saudis in Australia at the moment who have been brought down by GMH. That was a big group of visas, because you are talking about people who are from Sudan, Yemen, Saudi Arabia and everywhere else. It was quite a challenge.

**Senator FERGUSON**—As I understand it, GMH have done quite well on the larger cars. The Statesman, which they badge as a Chev, is selling quite well in the Gulf States too, isn't it?

**Mr Linford**—We bought one. I am driving a Caprice, so we are supporting the cause. But, yes, the Commodore—

**Senator FERGUSON**—Is it badged as a Chev, though?

**Mr Linford**—Yes. The Commodore, which is a Chevrolet Lumina, is the car of choice for police forces in Saudi Arabia. They are selling a lot of them there. The one company we would like to see some more is Mitsubishi. Their numbers probably should be higher than—

**CHAIR**—Did I hear the Algerian ambassador say that Japanese plants were being established in Algeria? If they start producing there, obviously the market for us is going to be reduced.

**Mr Linford**—That is correct; it has that potential. These are internal issues between Toyota Australia and Toyota Japan, of course. But they want to talk about the quality of the car that comes out of Australia. The reason for the Camry being so solid is its performance. It is a car that is manufactured for the region. If a car is taken out of America, it is not modified or manufactured specifically for the market; they export excess. They have a population of 250 million and they might have a production run of—I am guessing—say, a million cars, so if the Middle East says, ‘I would like you to change the airconditioning, the heat seals and the dust seals on 70,000 cars for us,’ they will say no. But Australia will do that. The car that comes out of Australia and goes into the Middle East is the base model but it is modified quite significantly for the conditions. Therefore, it performs better and the resale value of these cars is better than for any other vehicle in the region.

**Senator FERGUSON**—Do they drive on the right or the left?

**Mr Linford**—Opposite us.

**CHAIR**—What about the priority of the products? Is food stuff first, services second and manufacturing a poor third? Where do you see it?

**Mr Linford**—The way we run our Austrade strategy in the Middle East is that there is a combination of industry and geographic overlays. We are probably at a higher percentage of industry, so our food and agribusiness team leader—in this particular instance, the person is in Dubai—links with all of the food and agribusiness people in our other posts in the Middle East and North Africa. His job is not only to get results in Dubai but to make sure that we have consistent industry presentation and to migrate our clients across the other posts. So the companies that are coming up get multiple hits in different markets, particularly into new markets where they have not been before. So to have four people in North Africa and say, ‘You have to do all the industry sectors,’ is too much of an ask. But when you multiply the resources when they link into the other industry teams, it may turn out that the person running food and agribusiness identifies the opportunity in Libya but it might be the person in Dubai or the person in Saudi who brings the client and does the business match.

**CHAIR**—Where do you see the best potential for food and agribusiness?

**Mr Linford**—I think that initially we will stay on food and agribusiness as a core, because it will give us the base numbers, and it is easy to replicate that in newer places like Algeria, Tunisia and Morocco, where we have not done anything before. But I also believe that services across education, health, banking, finance and tourism have strong opportunities for us. We have not done anything there and I am very keen to. I have been not surprised but pleasantly pleased with the outcome we have had in those sectors throughout the Middle East; they were not there previously. With that success and knowing that those companies have been competitive in both product delivery and price, I think we will be able to replicate that with a fair degree of confidence in North Africa.

**Mr WILKIE**—Obviously Austrade get it—they realise that there is potential there and they are developing that potential. My concern is: do other departments also get it and are they putting resources in to match yours? For example, we have seen that, because the United States puts a lot of money into Egypt in terms of not just purchasing things but aid, Egypt buys a lot of goods from the United States. I am the Chair of the Joint Standing Committee on Treaties. We recently looked at Australia's funding to the International Fund for Agricultural Development, and we decided that we would axe all our funding to that and leave it, because we had the view that they were putting too many resources into Africa and not enough resources into the Asia-Pacific region. So we have taken away a major contribution to that area of the world, with the view that we want to focus on another part of the world. There are obviously linkages between what we are providing in aid and how that translates to their thinking that we are a pretty trade partner—because of the assistance we have given. Is there a correlation between the departments? Are they working together to ensure that they are going for a common end or are they diverging?

**Mr Linford**—Certainly we share our strategies, with some agencies more than others, particularly agencies that are on the ground and have a presence there. I do not think that it is a solo activity that is going on. There are finite resources, and so we do have to decide where they are going to go. From an Austrade point of view, we do a fairly stringent investigation on where our returns on investments are and where we get the best bang for our buck in relation to not only dollars but outcome per person. We do both because it is obviously going to be more expensive to have someone, for example, in London or Tokyo than to have someone in New Delhi or Jakarta.

We are conscious of the opportunity cost. With a finite resource, if you put money into North Africa, is that at the expense of maybe the Pacific region or elsewhere? However, having said that, if we gave aid money to Egypt, Morocco and Tunisia, would that turn into some favourable consideration of our exports? Probably it would—not so much in Algeria or Libya. Those countries are quite resource—oil and gas—rich. You heard the Algerian fellow say this morning, 'We don't need any finance for this. We've got the projects. We just need people to come in and do it.' That is less so in Egypt, where there is a significant amount of poverty, and if we put money there we can get some benefit from it.

We link into other countries' aid as well. The Americans put in some money to build wheat silos and storage facilities for the supply of American grains, and it was Australians who actually got in there with the expertise to provide the consultancy to build those silos. We are very appreciative of our American friends for putting that aid money forward for us. If we rely only on aid, though, to get our exports, we are really not looking at our competitiveness.

**Mr WILKIE**—It is a total strategy.

**Mr Linford**—You cannot buy deals. You have to have the product, the company and the service to achieve the deal; it needs to be sustainable. If we always rely on aid—if we are not paying aid, we are not going to have the deal—I do not think that is the right strategy for us to take.

**Mr WILKIE**—Thank you for your work with Western Australia, in particular. Kim Chance has done a fantastic job there.

**Mr Linford**—My compliments go straight to Kim and his people. We are quite proactive in the way we do things, but those guys have really taken the lead, especially in the Middle East—not so much the core parts of the established Middle East but in the new parts, and I include Iraq, Jordan, Egypt and right across North Africa. They have done more than any other state in that region. We have partnered with them and they have helped us considerably. If it turns into a win-win situation, that is terrific.

**Mr WILKIE**—Thank you.

**Senator FERGUSON**—Are there any cultural barriers which preclude people, not from going there, but which mean that they are less interested in setting up a business in North Africa and, in some cases, in the Middle East than in some other countries where they feel the cultural links are similar or stronger?

**Mr Linford**—If you keep it just to a cultural perspective, no. It is pretty free and easy, from what I have experienced. Certainly equality amongst men and women is matched to Australian culture. It is pretty easy to move and to do things which you could not do in places like Saudi Arabia.

**Senator FERGUSON**—Which is where we have had problems before.

**Mr Linford**—Sure, but it does not stop us doing business in those places. We have some challenges with the reforms that are happening. There tends to be two steps forward and one step back sometimes, and a lack of transparency on some specific industry sectors and deals that happen, such as the meat that was held up on the wharf. I would not have any hesitation in living and working with my family in any of the parts of North Africa that I have seen.

**CHAIR**—Thank you for coming. We appreciate it. In particular, thank you, Peter, for the program you have outlined. At this stage we plan to adhere to it. There is also your recommendation for hotels. We will be in touch.

**Mr Linford**—Lee Kennedy has been very good.

**CHAIR**—Is that right. Thank you, Lee.

[12.09 pm]

**CORNELLY, Mr Paul Joseph, Executive Officer, Africa Section, Department of Foreign Affairs and Trade**

**FOLEY, Mr Paul, Assistant Secretary, Middle East and Africa Branch, Department of Foreign Affairs and Trade**

**CHAIR**—On behalf of the Trade Subcommittee I welcome representatives from DFAT. As you know, the subcommittee prefers all evidence to be given in public. Let us know if you want to change that. I now invite you to make an opening statement.

**Mr Foley**—I start by saying that our submission to the inquiry will follow by the due date. It is currently in the process of being approved by the Minister for Trade. In my remarks I will pick up some of the key themes of the draft submission. As indicated, the countries of North Africa covered by this inquiry—Egypt, Libya, Algeria, Morocco and Tunisia—represent a growing but relatively untapped market for Australian exports and investment. As our Austrade colleagues indicated, the combined population of these countries is over 150 million, and last year two-way trade was worth over \$A800 million. This trade was strongly in Australia's favour, with our exports being worth over \$762 million, a figure dominated by our wheat exports to Egypt. While investment data is a bit harder to pin down—

**CHAIR**—What is the total figure of wheat exports to Egypt?

**Mr Cornelly**—It varies from year to year, and I think they were down in 2003 but have since recovered.

**Mr Foley**—It was about \$520 million last year, I think.

**CHAIR**—So it does dominate, that is for sure.

**Mr Foley**—Yes. Our investment data is a bit harder to pin down, but last year, according to the ABS, Australian investment in North Africa—which, I understand, also included Sudan—was about \$362 million.

**CHAIR**—And that was predominantly Woodside and BHP?

**Mr Foley**—We are not sure, but we think it is primarily in the hydrocarbon area. Of the countries of North Africa, the economies of Algeria and Libya are dominated by the hydrocarbons sector. That sector is also growing in Egypt. In these and the other countries covered by this inquiry, agriculture, light manufacturing and services—particularly tourism—are also important sectors. A factor common to all the countries covered by the inquiry is that they are undertaking economic and structural reforms as well as some social and generally measured political reforms. These reform programs are creating trade and investment opportunities through greater openness. While the pace of these reforms is uneven across the region, and I

think the consensus among commentators is that more needs to be done, the general directions are clear and the effects are positive.

As our Austrade colleagues indicated, geography has meant in a sense that Europe is the natural trading partner of the countries of North Africa. They have some regional architecture that underpins that. To give some brief examples: 55 per cent of Algeria's exports go to the EU, which is also the source of 57 per cent of its imports. For Tunisia, the figures are 81 per cent and 71 per cent, respectively. While the countries of North Africa will sensibly seek to take advantage of this wealthy and substantial market on their doorstep, they do want to diversify their trading links where it is sensible to do so. This desire, when allied with the reforms being undertaken, creates opportunities for other countries, including Australia. I think the fact that there is low economic growth in the euro zone is also prompting them to look elsewhere.

Australia's trade and investment links vary with each of the countries of North Africa. Egypt is our most substantial trading partner. Our links are built on the longstanding wheat trade. Egypt is also a market for other farm products and, increasingly, manufactured and high-technology goods. Egypt, overall, is our third largest market in the Middle East. In recent years there have also been a growing number of Australian investments in Egypt. AWB and its partners have invested in a flour mill on the Red Sea, and there has recently been some investment in the mining sector. An Australian company, Centamin, is developing a gold mine and another company, Gippsland Ltd—despite its name, I gather it is based in Perth—is working with the local authorities on a tantalum mine. Tantalum is a precious metal that withstands hydrochloric acid, so it has industrial uses.

Oilsearch and Santos have some offshore and onshore hydrocarbon exploration interests. It is thought that Egypt's increasing gas production is likely to provide further opportunities in energy intensive resource processing that may be relevant to Australia. Libya promises to be a market of substance for Australia for merchandise and service exports. I understand that last year our exports to Libya were \$14 million, mainly meat, and this is set to grow. As has already been said, Toyota has announced it will be seeking to export Camrys from Australia to Libya as well as to some other countries. Australian companies have been very successful in acquiring significant onshore and offshore oil and gas exploration acreage in Libya. As you know, Woodside Energy, with its partners, has been particularly successful and is now the second largest holder of such acreage in Libya. More recently, Oilsearch was successful in bidding for an offshore block. Similarly in Algeria, Australian companies have been successful in the hydrocarbon sector. BHP Billiton has two major developments under way. One of these is in partnership with Woodside.

On the trade front, Australia's exports to Algeria in 2004 were \$70 million, of which the main items were meat, coal and dairy products. Our trade and investment linkages with Morocco and Tunisia are much more limited at this time. Last year exports to Morocco and Tunisia were \$29 million and \$3.4 million, respectively. In both cases cheese and curd were the leading export item. Two Australian companies, Pancontinental Oil and Gas and Cooper Energy, with a UK partner have rights to a 12-month exploration lease for Morocco in the Mediterranean.

I hope the brief survey showed that Australia is doing and can do business in the region. The region will present opportunities but our expectations need to be realistic. As previously mentioned, while there has been good progress, there is still a way to go in the region on

structural and economic reform to produce a transparent and predictable business environment. Nonetheless, measured expectations for increases in trade and investment between Australia and the countries of North Africa are well founded and realistic as each side comes to appreciate the opportunities that exist. You will have heard from our colleagues in Austrade on some of the key sectors identified.

I turn to the important role of the agencies of the Australian government, in cooperation with the private sector, in developing opportunities in the region. As in other regions, ministerial level contact can of course play an important role in setting the scene and establishing relationships. There has been a strong pattern of ministerial visits in recent years. This role is built on by the activities of Australian diplomatic and trade promotion representation in the region. They would be roles that you are familiar with. As indicated, currently our resident diplomatic representation in North Africa is located in Cairo, where the ambassador is also accredited to Libya and Tunisia. Our ambassador in Paris has non-resident accreditation to Algeria and Morocco. Our colleagues in Austrade have set out in their submission the structure of their representation in the region. Obviously, we work very closely together. The forthcoming opening of the Australian Consulate General in Tripoli is the first step towards the opening of a full embassy as announced by Mr Downer and Mr Vaile in May last year and will be a significant addition to our regional representation.

**CHAIR**—So it is a consulate general?

**Mr Foley**—It is a consulate general, yes.

**CHAIR**—And that is also going to be the Austrade person, is it?

**Mr Foley**—It will be a consulate general that is manned by Austrade, so the personnel in it will be Austrade personnel.

**CHAIR**—When is it planned that it will become a full embassy?

**Mr Foley**—The focus at the moment is to get the consulate general up and running. Once that is up and running, the ministers will look at it and decide when that can be done. But that is a commitment that Mr Downer and Mr Vaile have made, so it is certainly something the government is working towards. Obviously, market development is and will remain a key focus of the Australian missions accredited to North Africa. As you would be aware, posts have a key role in providing advice to business on current and local issues, establishing and maintaining contacts in government, business and regulatory agencies and, where necessary, making representations where there are problems that may be faced by investors or exporters. These roles, along with the need for continuing cooperation between the agencies and the private sector, will grow as our trade and investment interests in North Africa grow. I might just leave it at that.

**CHAIR**—Thanks very much. How do you assess bilateral situations with individual countries?

**Mr Foley**—Bilateral relations with all of the countries covered by this inquiry are very good and very warm. Some relationships are more substantial than others. Obviously the relationship



with Egypt goes back a long way, based on the 60-year wheat trade. There were a lot of consultations on the political and economic field, so it is quite a broadly based relationship. With Libya, since relations were normalised in 2002 relations have certainly gone along very strongly, driven by Australian investment in Libya—mainly Woodside—but also a strong interest from the Libyan government in reaching out to others not in Europe. It is a similar story for Algeria. With Morocco and Tunisia historically, while the relations are very friendly they have less substance to them.

**Senator FERGUSON**—In some of the submissions the old issue of travel advisories has come up. Could you comment on the likelihood or otherwise of any alteration? I would have thought that under the current climate it is probably less likely than more likely, but I would like to hear from you.

**Mr Foley**—On the travel advisories, first, they vary from country to country. I think the strongest one is Algeria, which says ‘defer non-essential travel’.

**Senator FERGUSON**—Is that for us, too?

**CHAIR**—I would say ours is essential.

**Mr Foley**—The key thing is that anyone who is travelling has to decide whether their travel is essential or not. That really is based on the assessment that, while in the 1990s there was a very significant Islamist insurgency in Algeria, which has been largely beaten down and defeated, there are nonetheless still security issues there. Similarly, in the 1990s in Egypt there was quite a lot of conflict between Islamist insurgents and the security forces, although at a lesser level. More recently there have been some terrorist incidents in Egypt and there were also bombings in Casablanca in 2003. So the travel advisories are put together on the basis of advice from the relevant security agencies and reflect the assessment of the situation on the ground at any particular time. As to whether they change: they are kept under review and they do change as the situation changes.

**Senator FERGUSON**—Is it only Algeria that has a ‘defer non-essential travel’ advisory?

**Mr Foley**—Of the countries covered by this inquiry, yes. Libya has ‘exercise caution’, Egypt has ‘exercise extreme caution’, Tunisia has ‘exercise caution’ and Morocco has ‘exercise a high degree of caution’. So in general they are not vastly different from the travel advice that also prevail in the gulf. Saudi Arabia currently is also a ‘defer non-essential travel’.

**CHAIR**—We remember our visit there with the committee.

**Mr WILKIE**—Obviously, Egypt is fairly stable politically. How stable are the others?

**Mr Foley**—I think they are all fairly stable. They have all been through events of one description or the other, and probably in the past their governments have been more authoritarian than they are now. They have all undergone political reforms of varying natures, some faster than the others—Egypt and Morocco in particular have probably gone faster. There is not much sign of significant political reform in Libya, other than opening up to the world; there is not much sign of any internal political reform. In terms of political stability the assessment is that, in

each of those countries, the governments are pretty well entrenched, although they do face some problems.

**Mr WILKIE**—How big is the fundamentalist threat?

**Mr Foley**—It varies from country to country. As I said, in Algeria and Egypt there was a history of serious clashes in the 1990s between insurgents and the security authorities. That has largely subsided, but there is generally a worldwide terrorist threat and these countries are not immune. We have seen in the last year in Egypt a series of bombings. I also mentioned the bombings in Casablanca in 2003—although, interestingly, apparently the reaction of the economy and the government to that was that it did not have very much effect; if anything it encouraged the government to go on with its reform agenda. I saw something this morning that indicated that the most recent bombings in Egypt have not had thus far much of an effect in Egypt, either on the stock market or as a decline in tourist numbers.

**CHAIR**—Thanks very much for coming today.

**Mr Foley**—I am sure we will be in touch, certainly on your visit.

**CHAIR**—Thank you.

[12.31 pm]

**VINCENT, Dr Andrew, Director, Centre for Middle East and North African Studies, Macquarie University**

**CHAIR**—Welcome, Dr Vincent. I understand that you took the secretary of our committee for an honours course at the university.

**Dr Vincent**—Indeed, I did.

**CHAIR**—I hope she performed well.

**Dr Vincent**—She did terrifically. She was very good.

**CHAIR**—That is good.

**Dr Vincent**—She got a university medal.

**CHAIR**—Is that right?

**Dr Vincent**—Yes.

**CHAIR**—Well done! As you know, we prefer all evidence to be given in public but if you wish for some change to that we will be happy to listen to your request. Do you have anything to add about the capacity in which you are appearing?

**Dr Vincent**—In fact, I am wearing three hats. I am Director of the Centre for Middle East and North African Studies at Macquarie University. I am an associate of Macquarie International, which is Macquarie's international recruitment arm. I advise them on their Middle East policies. I am also President of the Australian Arab Chamber of Commerce and Industry in New South Wales. So pick your hat.

**CHAIR**—It was your paper that I passed on to DIMIA this morning, wasn't it?

**Dr Vincent**—Yes.

**CHAIR**—Were you here then?

**Dr Vincent**—No, unfortunately I was not.

**CHAIR**—You had some comments in relation to visas for Moroccan students. DIMIA had not seen your paper, so I passed it on to them for a response. We have your submission today. I invite you to make an opening statement, then we will proceed to questions.

**Dr Vincent**—Thank you very much indeed. Obviously, everyone is concerned about terrorism at the moment. None of the recommendations that I have made in my submission in any way undermine our concerns about terrorism. Nevertheless, I think that it is important to consider education as one of Australia's significant exports. In fact, I think it is our fourth biggest export earner. Just by reading the newspapers one can see that the numbers from China and South-East Asia are gradually dwindling, largely because China and the South-East Asian countries are building their own universities and they are trying to educate their own people.

I probably do not need to tell any of you the parlous state of Australian universities. They are desperate for overseas full-fee paying students. Without fresh sources of full-fee paying overseas students I fear that the universities are going to be in an even worse state and are going to have to turn back to the old system of relying on the federal government for ever greater handouts. My university, perhaps more than most, earns most of its income from non-government sources. But unless we can find new areas for student recruitment I think we are in deep trouble.

North Africa is potentially a very lucrative area of student recruitment indeed because, in this period of globalisation, everybody wants to learn English; they want to have an English language education. Traditionally, people from the Middle East have travelled to the United States, to Great Britain, to Canada; they have not much thought about coming to Australia. But I think, particularly since September 11 and with the very much more stringent visa and social conditions in United States since then, more and more potential students are either not wanting to go to the United States or not able to go to the United States. This presents Australia with a golden opportunity to strike while the iron is hot, if you like, and to build its reputation in these areas by providing what is a very good service for overseas students.

The difficulty we face when it comes to North Africa is the Department of Immigration and Multicultural and Indigenous Affairs. Based on a very small sample of North African students—and I think I have got the numbers in my submission—it has decided that North African students across the board are untrustworthy and are, therefore, treated as category 4 students. Being a category 4 student means it is almost impossible to get a visa; you have got to mortgage your house, you have got to mortgage your parents, you have got to produce so much money. It makes it very difficult. DIMIA argues that this sort of country risk assessment is based on statistical analysis. I would respond that the statistical analysis is based on such a small number that it is meaningless. If you have five Moroccan students and three of them overstay their visas, it means Morocco is cast into category 4. But five students are not enough to generate that kind of generalisation, I feel. That is the first problem.

The second problem is more of an administrative one. The whole of student visas for North Africa are done through the Australian embassy in Cairo. From Morocco to Cairo is about a five-hour flight. The postal services in these areas are not terribly reliable and, as you can see in my submission, addresses and things like that do not seem to work. Fax machines do not work, for some reason. What I would like to see happen, and perhaps the committee can recommend this to DIMIA, is more administrative flexibility in the actual issuing of student visas. For example, every Moroccan has got relatives in France. Why can't Moroccans have the choice of getting their student visas through Cairo, if they want, or through the Australian embassy migration office in Paris? Similarly, once we have an office in Tripoli, perhaps that office could issue student visas for Libyans. An Australian would feel a bit reluctant about sending their passport

off to Jakarta to get a visa and the average Arab would have the same feeling about sending their passport off to Egypt or wherever.

Another problem we have got is with exchange programs. With a great deal of effort, I was able to sign an exchange agreement with an English language university in Morocco. It is an American based university; an elite university, which even has members of the royal family studying at it. This university obviously sends a lot of its students to the United States, but they were very keen on expanding. I managed to send over, for the two years the agreement was in existence, six Macquarie students, who each spent a semester in Morocco and had a wonderful time. This counted toward their Macquarie degrees. Then, to our dismay, the university contacted us and said, 'Look, we have to cancel this agreement because we've nominated a number of our students to go to Macquarie'—it is an exchange—'but they've never been able to get visas. Time after time they've tried, and every time they've tried to do something, a new hurdle is put in their way.' So we lost that agreement.

I suggested to our vice-chancellor that she write to the immigration minister, which she did, and a copy of the letter is in my submission. She suggested that in the case of this particular university a subcategory of visas could be worked out so that applicants have to meet not the stringent category 4 criteria but the more lenient category 2 or 3 criteria. The response we got was completely off-putting and did not really address the issues that we raised in the letter. I do not think our one university in Morocco is unique; there are other elite universities across North Africa that should not be regarded as category 4. I am not for a minute suggesting that we have got to change the visa categories for all North African students, but I think we need a little bit more flexibility.

**CHAIR**—This is similar to when the trade people say that, where they know the companies involved and they bring them down to Australia, there should be some streamlining. That is one of the areas that we need to look at.

**Dr Vincent**—I think so—and I think that unless we can do that fairly quickly we might lose this golden opportunity to start a stream of students coming from North Africa, because the United States is busily trying to redeem itself in the eyes of the Middle East. It will never become a flood, but it will become a significant number. There is a parallel here with our student visa policies in South America. Some years ago, all countries in South America were seen as category 4. Every applicant had to get their visa through our embassy in Santiago in Chile. A certain amount of pressure was mounted in a number of different areas, and South America has now opened up and has become a thriving market for international students coming to Australia. It is not just a lucrative market; we are not just talking in dollars and cents. When we are talking about students, we are talking about the next generation. We are talking about future understanding between countries: 'Send us your young people and we will be your friends forever'—that sort of thing.

**Senator FERGUSON**—I think you will find that the easing of visa requirements for students from South America was one of the recommendations of this committee in the year 2000—

**Dr Vincent**—Yes.

**Senator FERGUSON**—which I think had some effect.

**Dr Vincent**—Absolutely. And that is one of the reasons why I am appearing before you today, hoping that we might be able to do the same thing with regard to North Africa.

**CHAIR**—Thanks for lifting our consciousness on this. On our visit to the Gulf States last year, there were real issues about visas as well. I think your idea of a subclass for those where a relationship has been established should be reviewed. What is your centre's relationship with the countries of North Africa? Do you have specific agreements with some universities there?

**Dr Vincent**—We have agreements with some universities. We have organised agreements with a university in Egypt and with the one in Morocco—

**CHAIR**—And you have been getting students from the Egyptian university?

**Dr Vincent**—No, we have not had students from there either, for the same reason, I suspect. They have not rung the bell yet and said, 'You're exploiting us'—because we have not sent as many of our students to Cairo as we have to North Africa. Regarding the centre's relationship with North Africa, North Africa obviously is part of the Middle East—a part that Australians tend to not pay very much attention to. I have supervised a number of students who have done research degrees on North African subjects. I have travelled to North Africa myself fairly extensively. I think that it is a part of the world that Australia should really know better.

**CHAIR**—That is true. That is why we are doing this inquiry.

**Senator FERGUSON**—You raised the issue of visas and where they could be issued. Before you arrived today, we asked DIMIA about the possibility of visas being issued at some post other than Cairo. I think the answer we got was that Rome does not issue them, Paris does not issue them; they all come from Berlin or London.

**Dr Vincent**—I am not sure that that is true. They do not have A-based officers in Paris or Rome anymore. They have local staff, but the local staff do issue visas. But they report to Berlin or to London.

**Senator FERGUSON**—We can follow that up. It was raised because of the fact that you raised it in your submission. Do you believe that there is potential, outside of the universities that you have had contact with? Do you still think there is the potential for large numbers of students to come to Australia, or do you think it will always be minimal?

**Dr Vincent**—I think it could grow. Australia is an unknown quantity when it comes to North Africa. But as more people came here and then returned and said, 'Look, I got a really good education, I speak great English and I had a good time,' I think it would grow. I think there is potential for a large number.

**Senator FERGUSON**—We heard in evidence this morning that there is a problem with Egypt with overstayers. I think they said the rate was as high as 4.6 per cent, according to the figures they quoted us—as against other countries, although there was one other country that was reasonably high, but I cannot remember which it was. Some of the others were down at the global average of 1.2, so maybe there should be some differentiation between the countries. But

you say that the biggest problem is that they are category 4, which means they have to provide a significant amount of financial backing. Do you know how much it is for a category 4?

**Dr Vincent**—I honestly do not. The figure of \$50,000 springs to mind. I think it is a lot of money. They basically have to have their fees and living expenses for the full three years of their course, up front.

**CHAIR**—Whereas those other students are allowed to work 20 hours a week, are they?

**Dr Vincent**—I think these ones are probably allowed to work for 20 hours a week as well, but they still have to have these upfront fees.

**CHAIR**—It is very discriminatory.

**Senator FERGUSON**—That is a bit rich, isn't it?

**Mr TURNBULL**—You flagged the terrorism issue at the outset of your remarks, quite properly within the current environment. Prior to the recent events in London, in which many of the participants were either British citizens or born in the UK, a significant percentage of the participants in the terrorist attacks in the United States and Europe appeared to be students who had come from Middle Eastern countries and, arguably—according to some commentators—had been radicalised in Europe. Given that phenomenon, which many would have regarded as counterintuitive some years ago—perhaps those less insightful than yourself—could you give us your thoughts on that and on the relationship between students from Arab countries studying in the West and terrorism? You seem to suggest that Western education would produce a moderating influence, but it seems, at least in some cases, to have done the reverse.

**Dr Vincent**—I think you are absolutely right, and that is a very good comment. The attacks of September 11 were themselves orchestrated and organised by a group of students in Hamburg. I think this is always going to be a danger. I do not think it is a significant danger, because we have our own security vetting of people who are coming. There is always going to be the potential for people who are in this country, whether as students, refugees or immigrants, to become alienated and marginalised and therefore to seek solace in a stricter and more militant interpretation of their religion, but I think we have to live with that potential. I do not think it is that dangerous as far as Australia is concerned. I do not think our society is likely to alienate Muslim students in the same sorts of ways as German society did in the case of the students at the technical university in Hamburg. But I cannot prove it. However, if we say to ourselves, 'We mustn't let them in, just in case this happens,' I think that is a terrible situation.

**Mr TURNBULL**—Thank you.

**CHAIR**—Thank you very much for coming. I apologise again for the delay. Thank you for your input, which will certainly feature. I am sure your former students will keep it highlighted.

**Mr TURNBULL**—And former classmate.

**Dr Vincent**—That is right. Malcolm and I did medieval history together many years ago.

**CHAIR**—Did he do better than you, or not?

**Dr Vincent**—I do not remember.

**Mr TURNBULL**—He was top of the class.

**CHAIR**—Thanks very much for coming. We will send you a copy of the *Hansard*, and we will see what we can do with your issue. Is it the wish of the committee that the submissions received from the Embassy of the People's Democratic Republic of Algeria, the Centre for Middle East and North African Studies, the Embassy of the Arab Republic of Egypt, the Australia Arab Chamber of Commerce and Industry and Austrade, as well as the document entitled *Opportunities in North America* presented by Austrade, be accepted as evidence? There being no objection, it is so ordered.

**Subcommittee adjourned at 12.50 pm**