



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

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

FOREIGN AFFAIRS SUBCOMMITTEE

Reference: Australia's relationship with the Republic of Korea

THURSDAY, 1 SEPTEMBER 2005

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

Foreign Affairs Subcommittee

Thursday, 1 September 2005

Members: Senator Ferguson (*Chair*), Mr Edwards (*Deputy Chair*), Senators George Campbell, Eggleston, Hutchins, Johnston, Kirk, Moore, Payne, Scullion, Stott Despoja and Webber and Mr Baird, Mr Barresi, Mr Danby, Mrs Draper, 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

Foreign Affairs Subcommittee Members: Mr Jull (*Chair*), Senator Payne (*Acting Chair*), Senator Kirk (*Deputy Chair*), Senators Eggleston, Ferguson (*ex officio*), Hutchins, Johnston, Moore, Payne, Stott Despoja and Webber and Mr Barresi, Mr Danby, Mrs Draper, Mr Edwards (*ex officio*), Mrs Gash, Mr Hatton, Mr Sercombe, Mr Snowdon, Mr Cameron Thompson, Mr Turnbull, Ms Vamvakinou, Mr Wakelin and Mr Wilkie

Members in attendance: Senators Eggleston, Ferguson, Hutchins, Kirk and Payne and Mr Danby, Mr Edwards, Mr Cameron Thompson, Mr Wakelin and Mr Wilkie

Terms of reference for the inquiry:

To inquire into and report on:

Australia's relationship with the Republic of Korea; and developments on the Korean peninsula.

The Committee shall review political, strategic, economic (including trade and investment), social and cultural issues; and consider both the current situation and opportunities for the future.

WITNESSES

AYSON, Dr Robert Fraser, Fellow and Director of Studies, Graduate Studies in Strategy and Defence, Strategic and Defence Studies Centre, Australian National University.....	46
BIRRER, Mr Chris, Director, North and South Asia, International Policy Division, Department of Defence.....	36
COLEMAN, Mr Benedict, Assistant Secretary Asia Branch, International Policy Division, Department of Defence	36
DOSZPOT, Mr Stephen John, Managing Director, Canberra Strategic Marketing (International)	25
FOX, Professor James J, Director, Research School of Pacific and Asian Studies, Australian National University	46
HUISKEN, Dr Ronald Herman, Senior Fellow, Strategic and Defence Studies Centre, Australian National University	46
KIM, Dr Hyung-a, Fellow, Department of Political and Social Change, Research School of Pacific and Asian Studies, Australian National University	46
MAXWELL, Mr Ron, Private capacity	25
McKELLAR, Professor Bruce Harold John, Foreign Secretary, Australian Academy of Science.....	1
MILLER, Mrs Michele Ruth, Director, International Materiel Cooperation (Europe/Asia), Defence Materiel Organisation	36
ROBINSON, Mr Angus Muir, Chief Executive, Australian Electrical and Electronic Manufacturers Association Ltd	17
SEDGLEY, Mr Simon Henry, Director, Policy Coordination and External Relations, Australian Research Council.....	1
TANNER, Professor Roger Ian, Fellow of the Academies, Australian Academy of Science and Australian Academy of Technological Sciences and Engineering	1
THOMAS, Dr Mandy, Executive Director, Australian Research Council	1
VAN NESS, Dr Peter, Visiting Fellow, Contemporary China Centre, Research School of Pacific and Asian Studies, Australian National University.....	46
VERTESSY, Dr Rob, Chief of Land and Water Division, Commonwealth Scientific and Industrial Research Organisation.....	1

Subcommittee met at 9.01 am**McKELLAR, Professor Bruce Harold John, Foreign Secretary, Australian Academy of Science****SEDGLEY, Mr Simon Henry, Director, Policy Coordination and External Relations, Australian Research Council****TANNER, Professor Roger Ian, Fellow of the Academies, Australian Academy of Science and Australian Academy of Technological Sciences and Engineering****THOMAS, Dr Mandy, Executive Director, Australian Research Council****VERTESSY, Dr Rob, Chief of Land and Water Division, Commonwealth Scientific and Industrial Research Organisation**

ACTING CHAIR (Senator Payne)—Good morning ladies and gentlemen. The Foreign Affairs Subcommittee will now resume taking evidence as part of its inquiry into Australia's relationship with the Republic of Korea and developments on the Korean Peninsula. I advise all witnesses appearing today that the proceedings are being viewed over the internet. If any witness objects to this webcasting they should advise the subcommittee as soon as possible and state their reasons, which will be considered by the subcommittee. Finally, I remind any members of the media who may be observing the public hearing of the need to report fairly and accurately the proceedings of the subcommittee as required by the Senate order concerning the broadcasting of Senate and committee proceedings.

On behalf of the subcommittee I welcome witnesses this morning from the Commonwealth Scientific and Industrial Research Organisation, the Australian Academy of Science and the Australian Research Council. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the subcommittee does not require you to give evidence on oath you should at least be aware that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the chambers themselves. I would like to ask you to make some opening statements on behalf of your respective organisations and then we will go to questions from the committee and discussion.

Dr Vertessy—I will read from a prepared statement because I would like to introduce some information that does not appear in the written submission from CSIRO, which you understand is focused really only on water issues. First of all, let me say how pleased I am to be here today; thank you for the opportunity. CSIRO and the Republic of Korea have enjoyed a rich and mutually beneficial relationship over the last 25 years.

CSIRO and the Republic of Korea have enjoyed a rich and mutually beneficial relationship over the last 25 years. That relationship has delivered not only scientific but also trade, cultural and social benefits to both countries, we believe. I am not going to try and recap the entire submission but will just pick up on a few points and introduce a few new facts. CSIRO has not been particularly active in the Republic of Korea, as it has been in other countries. During the

period 2003 to 2005 CSIRO undertook only 10 projects with Korean partners. This ranked Korea 23rd in world terms in the number of international interactions that CSIRO had over that period. So it is a fairly low number. Indeed, this number has dropped from 20 projects and a ranking of 17 in 1997. So our interactions have been declining over time.

You would be well aware no doubt that the Australian government has signed a treaty level science and technology agreement with Korea. That came into force in April 2000 and covers 11 different fields of cooperative activity. CSIRO overlaps with about 10 of those 11, it turns out. In recent times CSIRO has signed a number of institutional level agreements with counterparts in the Republic of Korea. I will highlight four of these. One of them is a recently signed memorandum of understanding with the Korean Institute of Geoscience and Mineral Resources, referred to as KIGAM in Korea. That was signed last month. Another one that I was involved in personally was a memorandum of understanding with the Korean water corporation. That is the organisation that manages all of the rivers and dams in Korea. A third is a memorandum of understanding with the welding research centre at Chosun University in Korea. A fourth is a collaboration agreement with the Research Institute of Industrial Science and Technology, or RIIST, in Korea. These relationships provide CSIRO with greater access to opportunities for collaboration with Korean universities and other institutions.

By and large, CSIRO's interactions have been in the areas of manufacturing and construction, astronomy and, more recently, water research. Researchers from our division of mathematical and information sciences are currently collaborating with the Korean Electronics and Telecommunications Research Institute in the area of computational fluid dynamics. Korea has been one of several countries to convert to the use of polymer notes for its currency, based on CSIRO technology. CSIRO is also working with counterparts in Korea on a number of ocean observation research projects and radio astronomy projects. CSIRO has been involved via the Cooperative Research Centre for Satellite Systems, working closely successfully with the Korean Advanced Institute for Science and Technology and the Korean Aerospace Research Institute.

I would now like to turn to water research, which is my area of specialty. I probably will not be able to go to any great depth about any of those other interactions. As you will see from my submission, for several years I have been involved with the Republic of Korea in getting together some collaborative research into water. I do believe that we have very much in common and have a mutually beneficial set of interactions that we should try to exploit. I would be happy to answer any particular questions on that area of work. On the other areas I will do my best.

Senator FERGUSON—Could we get a copy of that statement you just read? You listed a heap of things there, but I cannot quite remember them all.

Dr Vertessy—Sure. I will pass that round. I only have one copy at the moment.

ACTING CHAIR—That is fine. We will copy it. Thanks, Dr Vertessy. Now we will turn to either the ARC or the Academy of Science; I do not mind which.

Dr Thomas—The Australian Research Council is responsible for funding high-quality research across a range of disciplinary areas from the humanities and creative arts, social sciences, biological sciences, physics, chemistry, geosciences, information technology and the

engineering sciences. It is through the National Competitive Grants scheme that we fund research. There are many sorts of programs within the scheme which involve collaborations with Korea. People can have research collaborations through the Linkage International program where they can receive awards to travel to Korea or researchers in Korea can come to Australia. They can also receive fellowships to come to Australia to undertake research. Through all the other schemes, the discovery projects and the linkage projects, they can list countries that they collaborate with, so we have a record of the number of collaborations that have occurred with Korea over time.

We also have two memoranda of understanding with Korea, one with KOSEF, the Korean Science and Engineering Foundation, and one with a Korean research foundation, to promote research collaboration between the two countries. To give you an idea of the sorts of collaborations we have had with Korea, from 2001 to 2004 the figures have fluctuated from 19 incidents of collaboration in 2001 up to a maximum of about 40 collaborations in 2003. It is not a steady rise and it seems to be fluctuating somewhat although the total sum invested in collaborations with Korea has risen from over \$5,800,000 in 2001 to over \$28 million in 2004. The collaborative projects range across all of the disciplines—biological sciences, social and behavioural sciences, economic sciences, engineering, environmental sciences, the humanities and creative arts.

Prof. McKellar—I will begin talking about the joint submission to the committee of the Australian Academy of Science and the Australian Academy of Technological Sciences and Engineering. We emphasise that science is intrinsically an international activity and that scientific research is an excellent way to establish and maintain contacts between different countries. You have heard from the ARC about the level of contacts that they have. I would characterise the contacts generally across the board as being not as many as one might expect. For example, if one compares contacts with Taiwan, you see there are many more. Taiwan is a comparably sized country; it is not very different. The academies have a memorandum of understanding with KOSEF which encourages the exchange of scientists, particularly younger scientists, the conduct of workshops and also the sending of missions of fellows to develop new alliances between the countries.

One thing that I want to mention, which does not appear in the submission, is the fact that in Korea, beginning in 2000, there was a millennium exercise which they called Brain Korea 21, which injected quite a lot of support, particularly financial support, into research in the Korean university system. In our terms, it is a bit like centres of excellence. It covers a broad spectrum of academic activities from esoteric theoretical physics to urban architecture—that is from a quick scan of the list—is based on excellent research groups and is a way of building up those research groups. I know, from the groups that I am personally aware of, that it has made a significant difference to scientific research in Korea. I think that Australia is probably not taking as much advantage as it should be of the connections there. As an example of the level of connection available, in north Asia there are three important synchrotrons like the one that is being built in Melbourne. These are sources of high-energy and high-intensity light for research, largely into material science and biology. These are in Japan, Korea and Taiwan. Australia has excellent connections with the two in Japan and the one in Taiwan. Many Australian researchers go to these ones but very few go to the one in Korea, which was the second of those built.

I would suggest that what is needed is a more strategic set of workshops, along the lines that we do organise, but perhaps more strategically aligned so that we can get more information flowing—particularly into the Australian community—about what is happening in Korea. It may be that we expect a bit much from one event in a particular area and need to have the events continue in ways that will build up understanding, trust and collaboration. One example of that is the Australia-Korea rheology workshops. Professor Tanner has been involved with those, and I would like to invite him to talk about them.

Prof. Tanner—A long time ago, I was doing the foreign secretary job for the Academy of Science. I am also a fellow of the other academy—the engineering one. We went to Korea, we saw KOSEF, and we asked them what we should do to improve relationships between our countries. A suggestion was made that we would have these workshops alternately in Australia and Korea. During that time, which is probably around 10 years ago, these workshops began. The reason that we mentioned rheology, which is the science of deformation and flow, is that we believe that has been the outstanding example of collaboration between the two countries. It has been driven by individuals in both countries: partly by David Boger at the University of Melbourne and also by Jae Hyun, who is at Korea University in Seoul. These two together have formed very amicable personal relationships and the workshops in rheology as they were are now in full-fledged conference form. They happen every two years alternately in Australia and Korea.

It seems to me that if one could only find a number of Jae Hyuns and David Bogers, one could make tremendous connections in all of these areas. This is a very happy connection. The biggest problem with the workshop is that Professor Hyun always wants to take you out to karaoke places after the sessions. That is the biggest danger that you run. Otherwise, I think the visits are delightful, the food is wonderful, and the people receive us very hospitably. We just had one of these meetings in Cairns, and the next one will be on an island off the Korean coast in two years time. It is a happy collaboration, but it needs to be wider.

ACTING CHAIR—Should one presume there was no karaoke in Cairns, Professor Tanner?

Prof. Tanner—There is karaoke in Cairns.

ACTING CHAIR—We might be going down the ‘too much information’ road. Thank you very much for those summaries and those brief remarks. I think one of the advantages of discussing these issues in the roundtable format is that you can jump in whenever your colleagues are making comments, if you would like to add to them or, even more excitingly, disagree with them. I am sure my colleagues will do the same. They need little encouragement to do that.

I am interested in receiving your comments on DEST’s International Science Linkages program. Do you think that adds value in this area? Have you come across it yourselves? Have you had any contact with it, and do you have any feedback for us on that?

Prof. McKellar—The academies administer parts of that program for DEST. The Academy of Science is involved in selecting the scientists who go from Australia to overseas countries for the exchange. The Academy of Technological Sciences and Engineering is involved in running some workshops under that program.

In the case of Korea, the take-up of this program is not as much as we would like it to be. We are investigating ways of trying to encourage our Australian colleagues who we know have some connections with Korea but do not seem to want to apply to this program. It is focused on researchers who are establishing their careers. We assume that researchers who have established their careers can get grants from the ARC or elsewhere to support collaborations.

In my case, I have a couple of collaborations in Korea and they have always been supported by the Korean end or, when people come to Australia and work with me here, in part by my ARC grants. That is why we focus them on the people who are developing their careers. I think they are a good way of maintaining contacts and starting collaborations which will continue. The evidence we have from a survey of the whole program, not just the Korean one, is that probably about 50 to 60 per cent of the connections that are made through this program lead to continuing collaborations.

Dr Vertessy—I would like to amplify those remarks. I found the scheme very beneficial, as have many scientists within my division. I have benefited from the scheme; it has enabled me and an entourage of water resource specialists from Australia to go there as recently as two years ago to run a joint meeting over there. I would just like to applaud the department for its administration of the program. I think it is very well administered.

Mr Sedgley—I do not want to comment directly on that particular program. I make the comment, though, that the CEO of the ARC, Professor Peter Hoj, has recently commented on the range of programs across government agencies that are there, doing what they do to try and assist international collaborations. He was pointing particularly to the need to look at whether there is enough coordination across those different programs. There is a sense in which perhaps each is working in its own patch and doing very good things, but that we might be able to build on those through some complementarities and people sitting down and talking about ways in which to work in the same direction and reinforce what different agencies are doing. That would be the ARC, DEST, the academy, CSIRO and even the industry portfolio.

Mr CAMERON THOMPSON—I want to start off on this water issue that you were raising, Dr Vertessy. I think there have been some really exciting and interesting scientific developments that can assist us in relation to our problems with water resources in Australia. One of the things most recently was this airborne mapping of underground aquifers and water courses and being able to identify where water comes from, where it goes and all those sorts of things. In your submission you speak about this water resources observation network. I am wondering what sort of advantages that could provide within Australia. What is the goal of having such a thing?

Dr Vertessy—It is my very strong view that water resources management in Australia will continue to be fundamentally flawed until we properly measure the resource and have the ability to forecast the availability, security and quality of it into the future. Australia, as you would understand, has a very complicated pattern of jurisdictional responsibilities for gathering information about water resources and managing it. The responsibility rests with the states, and there has been some degree of devolution of that responsibility down to regional catchment management authorities et cetera, which will have to manage environmental water reserves.

At the same time, we also have some deskilling of the public sector in the water industry. Our ability to actually get a good metric on the health, availability and security of the water supply at

any time has been decreasing with time rather than increasing, at a time when water is becoming a really scarce resource and we are seeing greater contest in the public and private arenas over access to water. I am strongly on the view that Australia, through the National Water Commission and other vehicles, has to make a large investment now in enhancing our measurement and forecasting capability, and I see some really exciting technologies in Korea that could assist us and give us a good springboard for establishing those via our proposed water resources observation network.

Mr CAMERON THOMPSON—What exactly is it?

Dr Vertessy—It is harmonising all of the measurements of water resource information in Australia which are currently held by different agencies, so it is developing interoperability standards that will allow those data sets to be viewed from one place, getting them into a common format and building upon that data layer a set of forecasting tools which can operate nationally across the country. At the present time, different jurisdictions use different forecasting tools based on different standards of data sets, and there are no common public reporting formats that can give a national picture of the state of the resource at any one time. It also requires a future sensorisation program to improve the density of measurements across the country.

Mr CAMERON THOMPSON—The sensors that would be required—are you talking about the installation of monitoring equipment Australia wide and picking measurements up by satellite or some such thing?

Dr Vertessy—That is right. It is a mixture of things. On the ground level it requires modernisation of flow measurement and flow and water height sensors in river channels. In many parts of Australia we are still using very antiquated recording techniques—some are even still on paper charts, which are accessed manually in some jurisdictions. We need to move to electronic sensors that can be injected directly into the internet and into databases which can be seen by forecasting systems automatically in real time. Many of our water offtake measurement techniques are still very primitive. We have these old Dethridge wheels with meters on them, whereas some irrigation areas are now rapidly equipping with electronic sensor technologies with wireless communications to bases. We really need to accelerate the revolution that is going on in the raw measurement of flows and water levels, and that should include the ground water resource, which is becoming increasingly important as it gets exploited over time.

Mr CAMERON THOMPSON—That is the part it I was a bit worried about, because it seemed up till then that the chief advantage would be in relation to something like flooding. But obviously if the drop in the ground water could be effectively monitored then that would be a big advantage in the current situation. How much would a program to do that cost? It sounds like it would be phenomenally expensive.

Dr Vertessy—The vision that we are erecting at the moment is a staged one. We are proposing an investment of the order of millions and tens of millions of dollars to establish it—to get some national standards for water resource measurement, archiving of information and the layering of some forecasting tools. I believe that over a decade there might have to be a couple of hundred million dollars invested in the extension of the measurement network across the country.

Mr CAMERON THOMPSON—Leaving aside flooding, what practical outcome can that achieve in relation to our need to be able to harvest and store more water more effectively? What is the advantage there?

Dr Vertessy—The major practical outcome is that it would give or improve certainty for water users, both private and public, about the utility. They could plan much better. They could schedule irrigation much more effectively, improve production and hedge their risk a lot better. I must say that it at least will satisfy what are rather lofty aspirations in the National Water Initiative as well, which I do not think can be properly met without an improved measurement network. And I think it can stimulate new investment into irrigation areas, where there is currently a lot of concern about security.

Mr EDWARDS—In your submission you talk about the value of collaboration on water in relation to R&D, and you mention the fact that you have entered into a number of memoranda of understanding. Would it be possible for the committee to get a copy of those? It may be of some interest to the committee to look at them.

You also state that you are constrained by the absence of a funding source to sustain collaboration beyond your own shores. You say:

A modest government-based innovation fund designed to help carry this risk is likely to be very effective in stimulating these linkages.

Given the importance of water to Australia and the fact that almost every state in the nation is grappling with the issue, what sort of a fund are you talking about and how effectively can that be used? What can you provide to the people of Australia through your research, through R&D? In effect, what benefits are there in it for Australia? What period of time are we talking about?

Dr Vertessy—First of all, I would be happy to get those MOUs for the committee.

Mr EDWARDS—Do you think they would be of interest to the committee?

Dr Vertessy—I am not so sure. I think they are rather boring, quite frankly. They just set out the joint aspirations of what we are trying to achieve.

Mr EDWARDS—Perhaps just some factors in the MOUs might be sufficient.

Dr Vertessy—Okay. I will give you an example of the KOWACO MOU, which is the only one that I am familiar with. It sets out some mutual objectives, including the desire to learn from one another and our desire to have some frequent interchanges. It sets out our mutual obligations for co-funding one another, as we have interchanges, and there are also some IP provisions in it as well. From memory, that is more or less the content of it. The other MOUs have different information that may be illuminating for you, so I would be happy to provide those to the committee, and you can make your own judgment.

Mr EDWARDS—A summary would be fine.

Dr Vertessy—Okay; I will do that. On the other matter, my comment in the submission arises from a little frustration. The grant schemes that we have in the country are excellent for initiating first contact and maybe even backing up a second contact. They tend to fund only travel and living expenses whilst over there. The Koreans have some equivalent of their own. They tend to use their own resources rather than special grants, as far as I can tell. I think that just falls a little short. If you really want to have deep, sustained relationships, you need a strategic fund that can start to cover salaries over some period of time.

To really deepen the relationship, the kind of idea that I have in mind, which I am trying to broach with the Koreans, is a continual exchange program that might involve four or five scientists in rolling exchanges every two or three months for a sustained period like three years. For instance, for a CSIRO scientist to go off-line for two or three months really does require some degree of salary support. I am investing out of my own divisional resources to start up this collaboration, but I fear that it will not be sustainable in the long term, in the absence of a salary funding source for those scientists. I would like to see the Koreans do the same. If we could have passing exchanges going continually for a sustained period, we could really achieve something in the water domain. I cannot speak for other areas of science on whether that model would apply.

Senator FERGUSON—You have cited a number of cases where memorandums of understanding have been signed. Isn't there a danger that, in some cases, the signing of a memorandum of understanding could become an end in itself—once it is signed, nothing else happens?

Dr Vertessy—Yes.

Senator FERGUSON—What sort of follow-up is there? How enthusiastic are the Koreans to be a part of an exchange of knowledge and exchange of ideas? A memorandum of understanding is a wonderful achievement, but if it just sits on the table it is not worth a damn thing.

Dr Vertessy—That is a great point. My colleagues here will probably be able to give a broader perspective on this, but I will share some of my own thoughts. My perception is that the MOU run is a bit of a merry dance. Hundreds of the things are signed internationally every year. And I think you are right: many of them do sit on shelves. I can only speak for the effectiveness of the Korean one, and we can certainly back up the enthusiasm with evidence of many reciprocal visits that have occurred over the last two to three years. We are certainly backing up the spirit of that MOU with a lot of interchange at the moment. I have two scientists going there for a week on the weekend, and I will be there in another two weeks. Next year we have a sabbatical visitor coming for a year. We are really energised in the water area but, frankly, it is not because we have an MOU.

Senator FERGUSON—Is the interest in what Australia has to offer in water resources because Australia has something unique, or could they get the same information and expertise from somewhere else in the world?

Dr Vertessy—It is not necessarily unique, but I believe what we have is world-leading capability. They need some of what we have to offer now, but some of it they probably do not know they are going to need it. I am speaking specifically of our excellence in public policy

around water. If there is one thing Australia does very well in the water domain, it is to craft good, sensible policy. The National Water Initiative is a great example of that. That reform agenda is well thought through and crafted. There is a huge challenge in implementing it, but I think the Koreans will need to benefit from that. In my view, they have rather retarded public water policy.

Senator FERGUSON—Do your colleagues want to comment about memoranda of understanding?

Prof. McKellar—I thoroughly agree with your comment that it is all too easy to sign them and then leave them on the shelf as an ornament. There are many memorandums of understanding which get signed, but then neither institution puts any financial support behind it and, therefore, nothing happens. There is a lot of research that goes on when there is not a memorandum of understanding; it still goes on because people want to do it. We have been fairly selective about the memorandums of understanding that we sign and those that we renew, keeping them to ones that we are prepared to work on. I think the memorandum of understanding that the academy has with KOSEF works well.

Senator FERGUSON—I will cite an example. There is a memorandum of understanding with the world in research centre. I presume that they could sign a memorandum of understanding with a number of other world in research centres around the world. Why would we choose to have a memorandum of understanding in that particular area ahead of any other country in the world?

Dr Vertessy—I would presume that in that case Australian scientists have deemed that the Koreans have something special to offer us, so we have naturally entered into it.

Senator FERGUSON—The way they put ships together, they probably have.

Dr Vertessy—That is right. In fact, that example you cite is an absolutely breathtaking example of the progress that Korea has made. They woke up one day in the seventies and said, 'Let's build supertankers and let's lead the world,' and, indeed, that is what they do now. It is breathtaking.

Senator FERGUSON—So we have something to learn from them.

Dr Vertessy—Indeed we do. One of the reasons that I am keen on Korea in the water domain is that I do believe we have something to learn from them. They are really ahead of us in the game of water information technology.

Mr EDWARDS—You make that point in the submission when you say:

Australia can benefit from the application of South Korean water engineering and ICT know-how applied to the water sector.

Dr Vertessy—Would you like me to explain why I feel that?

Mr EDWARDS—Yes.

Dr Vertessy—Australia has a very advanced water research capability. It also has a very advanced ICT capability, and CSIRO has considerable depth. What we lack in Australia, though, is the practical implementation of those technologies in water infrastructure systems. We have niche applications in some of our hydro schemes and irrigation schemes, but on a national, countrywide perspective we are a little shallow in that area. I believe we have to become quite strong as a nation in that area to rise to the future challenges of water resource management.

We have been steadily decreasing our classical water engineering capability in the country for some years now because we are not in the dam-building business any more. We are not building any great water resource infrastructure schemes at the moment. We may have to start building those things again in the future, but we are somewhat deskilled in that area, whereas Korea has been very active in the last 20 to 30 years and has a huge cohort of specialists in that area. We should be tapping into that skill base.

Mr EDWARDS—Despite what you have said, you also make this point:

South Korea is starting to grapple with a severe water crisis that threatens to stall future economic development and create social discord.

Can you expand on that?

Dr Vertessy—Yes, it sounds a little dramatic, but if you witness, for instance, the problems that we have had in Australia between environmentalists and irrigators and different governments—state governments—fighting over water availability, I think similar issues will arise in Korea as they approach the scarcity front. They are not quite there yet, but they will be in another five to 10 years unless they harness major additional new resources. I cannot remember the statistic exactly, but I think they have to increase their water availability by about another 25 per cent. They have been earmarked—I think by an international body; it may be UNESCO—as one of the most potentially water stressed countries in the world.

Senator FERGUSON—Any desalination?

Dr Vertessy—I do not know whether they are interested in desalination. I am aware that they are trying to harness more surface water through new dams, that they are exploiting more ground water and that they have a very major interest in recycling urban stormwater and waste water. I think they see those as the three main sources. I have not seen anything on desalination over there at the moment.

ACTING CHAIR—Just on the MOU question, did the ARC want to make any comments on that before we move on? You have two, I note from your submission: one with KOSEF and one with the KRF.

Dr Thomas—That is right. The ARC is supporting the streamlining of these MOUs in the future because of this issue of whether they actually support collaboration or have anything directly to do with it. We find that most researchers act one-on-one with each other and they are mostly acting independently of even being aware of having an MOU.

To follow up from Dr Vertessy's comments on the funding of research associated with water, just scanning the list of projects that have been funded collaboratively with Korea in the last four or five years, there are only two that have been related to water and both of them are seed funding for research networks, one called the Sustainable Water Reuse Network and the other one the ARC Research Network on Degraded Environment Assessment and Remediation. They were only funded for \$10,000 each as seed funding and they did not develop into full research networks. So there have been no other projects that we have funded that are directly related to water, which supports your view that the networks and the ability to move between the countries is supported but not necessarily the ongoing research costs involved in collaboration.

ACTING CHAIR—Thank you very much for that.

Dr Vertessy—Could I say one more thing about MOUs.

ACTING CHAIR—Yes, and Mr Wilkie's question is on that as well.

Dr Vertessy—We are all suspicious about the long-term value of them. I would say that I think they are actually a very important cultural gesture to make an entree into the country.

ACTING CHAIR—A cultural gesture?

Dr Vertessy—A cultural gesture, yes. I think they are valued by many of our Asian partners and I think we need to be sensitive and positive about our approach to them. I have found it has improved my access to institutions and researchers by starting the relationship with a high-level gesture with an institution.

ACTING CHAIR—I appreciate that. I think it is a good point.

Mr WILKIE—On that issue, I am wondering whether it would be more effective if some of these, if it were appropriate, had binding treaty status and went through that process as opposed to the MOU process. That way you have got a country-to-country agreement which would be enforceable and would also have a lot greater standing than an MOU. Do you think that would be appropriate in some cases?

Prof. McKellar—It may be appropriate, but it comes back to the problem that bedevils MOUs to some extent, which is: is there money to back it up? For example, I go fairly frequently to the institution called POSTECH, the Pohang Institute of Science and Technology, which was established in Pohang and modelled on the California Institute of Technology. Its design is to have about 5,000 students and about 1,500 faculty. When I am there, I am sometimes asked by one of their officials: 'Why is the University of Melbourne not sending people up to us? We have an MOU with you; why isn't it being used?' The simple answer is that the University of Melbourne has not put any money behind it.

Mr WAKELIN—I want to follow up on concrete results. You would be aware that the report of the Allen Consulting Group gives the Australian Research Council about a two per cent share of all collaborations internationally. Can you give me one or two examples of the nature of that collaboration with the Republic of Korea and maybe one outcome?

Mr Sedgley—It varies markedly. I will give you an example that led to some fairly significant commercial developments. In the 1990s, the Australian Research Council provided funding to a research centre—a centre for minerals processing and materials—at the University of Western Australia. That research funding was for fairly fundamental research. Subsequent funding through the industry portfolio—through R&D Start—enabled that group to establish a spin-off company focused on very fine industrial powders that had industrial applications in the electronics, paint pigments and cosmetics industries. In 2000 they established a multimillion dollar joint venture with Samsung Corning, which took that group to the next stage. That commercial development has been very successful, to the point where the group based in Western Australia has bought out the Korean interests. That is just one example.

Mr WAKELIN—You agreed with that figure of approximately two per cent. Which way is it headed? Is the funding in respect of the Republic of Korea tending to scale up, or is it staying where it is?

Mr Sedgley—It is hard to know. About 50 per cent of the collaborations that the ARC supports are with three countries: the USA, the UK and Germany. They are the dominant countries.

Mr WAKELIN—I am aware of those percentages.

Mr Sedgley—In respect of the numbers coming out of new grants commencing this year, the ARC is establishing two centres of excellence that will have collaborative links with Korean partners. They are fairly large investments in large-scale centres. My suspicion is that, in absolute terms, the investment in collaborative links with Korea is rising. Whether that translates to a percentage increase, I am not sure.

Mr WAKELIN—Dr Vertessy, the sustainable water resources research centre invests a significant amount of its money into hundreds of graduate students, mostly at PhD level. Are there any opportunities, perhaps outside your particular area, for Australian students to participate in that process?

Dr Vertessy—I believe so.

Mr WAKELIN—Is it occurring?

Dr Vertessy—I am not aware of any student exchanges in the water domain from Australia to Korea. They are sending out staff to do PhDs with us, but I am not aware of anything going the other way at the student level.

Mr WAKELIN—You are aware of the flow this way?

Dr Vertessy—Yes.

Mr WAKELIN—Following on from the comments yesterday, where is the flow the other way? There is some flow but it is nowhere near the flow that comes this way.

Dr Vertessy—Yes. I am guessing that it is soft in the science and technology domain.

Prof. McKellar—It is not a very big flow from Australia to Korea. I think the language is a problem. The teaching of Korean in Australia seems to be decreasing, so that will get worse.

Mr WAKELIN—There are five Australians up there who teach English there.

Prof. McKellar—On the plus side, many scientific institutions in Korea that have PhD programs teach their PhD courses in English. So at least in principle it would be possible for students from here to go there to do part of their PhD research program, or to take a course there, but they would still have the problem of living in Korea. I know of only a handful of people who have gone there, either as students or as expats.

Mr WAKELIN—That did occur to me, but I wanted to clarify what opportunity might be there. Dr Vertessy, in terms of MOUs, collaboration and the general discussion, can you think of one or two examples in the water area where there has been commercialisation, or even where collaboration is in progress now, leading to commercial development opportunities between the two countries? I am mindful of the acting chair's request to make a Korean link.

ACTING CHAIR—Call me radical!

Dr Vertessy—I am not aware of any specific examples in the water area. Possibly in waste management and pollution control there has been something, but I just cannot access it.

Mr WAKELIN—Can I bring your attention to a period perhaps some 10 to 15 years ago—it may not have been that long—in South Australia when, given South Australia's situation with water, there was a rather brave effort to link the technology and commercialisation of opportunities in Asia, perhaps not so much in North Asia but in other parts of Asia. To your knowledge, is there any linkage or commercialisation?

Dr Vertessy—None that I can recall.

Senator EGGLESTON—I am sorry I arrived late. You seem to have covered some of the points I wanted to raise but, according to DEST, science and technology collaboration is currently hampered by an inadequate knowledge of the work being undertaken in both countries—that is, the strengths and the weaknesses of the work and the possible avenues of collaboration. One area in which the Koreans are very strong is, of course, in IT; what collaboration is there between the Australian IT area and IT in Korea? Is there any collaborative work being done at all in the IT area?

Prof. McKellar—Let me make the comment that I am not across all the detail of that, but one of the people we are funding under the exchange scheme to go to Korea this year will work in software engineering at an IT institution in Korea. So I am certain that such collaborations exist, but I cannot help you on the extent of them.

Senator EGGLESTON—Are we doing anything with the Koreans in the area of biotechnology?

Prof. McKellar—I am not aware of a lot of activity in that area. Perhaps the ARC, with their list, would be able to help you.

Dr Thomas—Yes. Firstly, in relation to information technology, in the last year there has been some funding of e-research projects that have collaborations with Korea. For example, Visual Grid—grid-enabled international collaborative entry, retrieval and analysis of video data in education and social sciences—has a collaboration with Korea. There have been numerous information sciences projects over the years. In the biological sciences there are several on gene regulation processes.

Senator EGGLESTON—Thank you. There is an IT centre at Curtin University, in Perth, which is very interested in grid technology. It is interesting that you have mentioned it. I wonder if that is a possible institution that could work collaboratively with Korea. I know they are interested in doing so with China.

Dr Thomas—There is one project with Curtin University, which is in physics—the impact of changing climatic conditions inferred from the isotope abundances of trace metals in global icesheets and glaciers. That is the only project with Curtin University.

Senator EGGLESTON—Thank you very much.

Mr WAKELIN—I have a question for the Australian Research Council which goes back to the collaboration and the two per cent number. Given that the Republic of Korea is the world leader in broadband technology, what efforts have we made to connect with the Republic of Korea in this particular area?

Dr Thomas—The program in e-research is a one-year pilot program, just funded this year, to stimulate more collaboration in this field globally. There has not been specific focus on Korea or on any other country, but all of the applicants have been encouraged to collaborate internationally on all of those e-research projects.

Mr WAKELIN—That provokes another question. When you have such an obvious world leader, should we be concentrating more on the processes of our country's efforts?

Mr Sedgley—It could well be. One of the things that the ARC is about to do—and this is on the back of an international strategy which has been developed just recently—is to go to each of the countries with which it currently has a memorandum of understanding and seek a review of those agreements, basically to ask, 'What have we achieved through these agreements, are we pursuing the right objectives and are there particular areas that we need to focus on?'

Mr WAKELIN—Can I make the observation that the Republic of Korea did not just suddenly arrive and become a world leader; it has been happening there for a fair while.

Mr Sedgley—Sure.

Mr WAKELIN—It just seems to me that maybe the reaction time has been a little slower than I would have expected.

Prof. McKellar—There is one area, in high-energy physics, where there is not direct country-to-country collaboration but there is a very extensive grid computing program worldwide and both Australia and Korea are involved in it, together with many other countries.

Mr WILKIE—Do you have any idea what sort of broadband coverage they do have in South Korea—by percentage of the country?

ACTING CHAIR—DOCITA went over that yesterday, and it is the world's highest.

Mr WILKIE—I was not here yesterday. We certainly need a bit of help from them then.

ACTING CHAIR—I would like to ask some questions of each of you. In your introductory remarks, Dr Vertessy, you said that the CSIRO engaged in 10 programs between 2003 and 2005, indicating declining interactions. I think the academy characterised the relationship as not having as many contacts as perhaps one might expect, and the challenge you were identifying was a lack of take-up, that Australia was not taking as much advantage of connections as it could. I have two questions: what do you think is the basis of the problem; and is there a solution?

Prof. McKellar—The basis of the problem is partly lack of information and partly lack of opportunity in a sense. Even though there are opportunities there, it is sometimes difficult for people to identify the opportunities and get the people who could use them to know about them in a timely enough way to utilise them. That is one of the things. The other one is simply getting more people to know what kinds of potential collaborative partners there are. The particular individuals whom I know who have started up collaborations have found it a very rewarding activity. I think the challenge is really to get more information out there and to perhaps be more patient about putting out that information—not expecting an instant response but keeping on trying.

ACTING CHAIR—Professor McKellar, do you think the cultural divide is currently too broad, based on language and perhaps on Australia's lack of appreciation of certain aspects of Korean culture that we should do better at?

Prof. McKellar—I am not sure it is a bigger problem than it potentially is with other North Asian countries.

Dr Vertessy—To comment on the cultural side of things, I have a deep interest in Korean culture myself. My observation is that Australians are far less attuned to the cultural profile of Korea than they are to other Asian cultures in general. It is not well understood as a country. I think it is improving, but some initiatives to broaden cultural understanding between the two countries would be valuable in the science and technology domain, most certainly.

Dr Thomas—When we look at collaborations with China, for example, we see that many of the Australian researchers are Chinese born Australians, whereas when we look at the list of researchers who collaborate with Korea there are very few who appear to be Korean born Australians. This reflects the fact that there is a very small Korean born population in Australia. That is often an area where collaborations can arise, and we are not seeing that here.

ACTING CHAIR—One of the questions Senator Ferguson asked DEST yesterday was about what subjects Korean students liked to pursue in Australia in both the secondary and tertiary streams. Hopefully, we are going to get some information on that, which will give us more of an idea. As you say, Dr Thomas, it is not a large expatriate Korean population, but there is a solid

presence in Sydney, for example, and in the capitals. Would you like to make any final comments?

Prof. McKellar—Let me make one comment. The entire discussion has been centred on the Republic of Korea. There has been no discussion about possible links with North Korea. There have been some links which the Academy of Technological Sciences and Engineering has made and been trying to foster. They are difficult to make, but I think they are usefully pursued and could be pursued further.

ACTING CHAIR—That is an interesting observation. I think most of your submissions refer to the Republic of Korea, and that would inevitably be why the preponderance of our questions have gone in that direction, but you make a good point. Thank you all very much for appearing. If there are any matters on which we need additional information, the secretary will write to you.

[10.04 am]

ROBINSON, Mr Angus Muir, Chief Executive, Australian Electrical and Electronic Manufacturers Association Ltd

ACTING CHAIR—Welcome. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the subcommittee does not require you to give evidence on oath, you should be aware that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the chambers themselves. I invite you to make an opening statement before we proceed to questions.

Mr Robinson—Thank you very much. AEEMA is the industry association which represents Australia's infrastructure providers in the areas of electrical manufacturing, ICT and electronics. We have some 400 members in those particular areas of activity. AEEMA has a very strong focus and engagement with what we call the greater China region, which includes the Republic of Korea.

Let me explain a bit of the background to that particular engagement strategy. Principally we as an industry association seek to form strategic alliances with kindred industry associations in countries with whom we wish to have a relationship for business development for our members. In May 2003, then Minister Richard Alston hosted the first Australia Korea Broadband Summit at the Gold Coast. As a consequence of that particularly important engagement with Korea, AEEMA was asked to form a relationship with ICA Korea, which is the principal government owned agency in Korea which helps to develop collaboration between Korean companies and companies located outside of Korea. Later that year, in October, as part of a business mission to Korea I signed on behalf of AEEMA a memorandum of understanding with ICA Korea, witnessed by the chairman of the Australian Photonics Forum, the Hon. Tony Staley. That particular document provided the basis on which, over the last two years, we have formed a constructive and increasing relationship with Korea.

Our relationship is very much focused on the role we have as an industry association in leading and implementing one of the government's action agendas, called the Electronics Industry Action Agenda, which is now in its third year of implementation. That action agenda requires us to have a strategic focus on two areas of the world—China, which, as I said, we call the greater China region, inclusive of Korea; and the United States. As a result of that particular interaction we have been looking at the ways in which we can form the relationship with constituent industry associations and engage in sectoral areas of interest with companies in the Republic of Korea.

In June this year Minister Coonan led a business mission to the second broadband summit held in Seoul, which was called the Korea Australia New Zealand Broadband Summit. As a result of that particular summit and working with the officers of DCITA we were able to make a proposal to the minister. The minister, who is the copatron of our action agenda, was able to determine, and has since formerly advised, that the formal engagement with Korea will be in two action agenda areas: the electronics industry action agenda, in which we have an interest; and the

digital content action agenda, which is now currently going through the strategic assessment stage. That provided the actual framework of country-to-country and industry-to-industry engagement that was able to be pursued in the ICT industry.

AEEMA also has relationships with the Korean IT security association and KOTEF, which is an industrial technology association. Through our involvement in the World Electronics Forum, we are very closely associated, although not at an MOU stage, with the Korean electronics association. Very recently we met with the principals in the Korea Electrical Manufacturing Association, KOEMA, and now both associations have agreed to sign an MOU which will cover our electrical manufacturing sector. We anticipate that that MOU will be signed sometime in the next few months.

Finally, in my own role as a member of the advisory council of the Intelligent Manufacturing Systems program, which is supported and funded here in Australia by the Australia government, the international secretariat of the IMS program is now located in Korea. In that particular context, the Korean secretariat is very keen to develop collaborative relationships, particularly in the area of R&D, which that area relates to, between Australian firms and research institutions and Korean and other global players in the manufacturing sector.

In summary, we have played our part in developing this relationship with Korea because Korea is a very important player in the global ICT industry. It has a very strong sense of strategy. We have identified the areas in Korea in which we can engage—that came out of the last summit. On behalf of the action agenda, it is our very firm intent to develop further that relationship with Korea, which we have suggested in our submission could well be formalised in a strategic framework, in the same way that we have recently been able to do that the Taiwanese.

ACTING CHAIR—Thank you very much, Mr Robinson. That was very interesting. Your 2003 MOU refers to a number of what I would describe as heads of agreement. One of them is the engagement of small and medium enterprises in the IT sector in both countries. Has that happened? Can you give us a report on that aspect of the MOU in the last couple of years?

Mr Robinson—The Koreans, particularly through KOTEF and the way ICA Korea wishes to engage, are very keen to see that happen. The barrier to that happening effectively is perhaps the reluctance of Australian companies to engage with Korean companies. There is a cultural barrier. Australian small companies tend to find themselves very comfortably engaging with the Americans and the Europeans, but in their engagement with North Asia, and that of course includes the Koreans, there is that cultural divide. We have taken the approach that we need to get the meetings going and provide activities where Australian companies can meet with Korean companies. We have had two seminars, one this year and one last year, working with KOTEF to try and get that integration going.

We think that, because the ICT industry is very broad in its scope, we need to have some specific focus which will provide a really good business case for companies to take a specific interest. Out of what the Koreans call their 839 Strategy we have identified with ICA Korea a particular area of activity in which they wish to engage with us and we wish to engage with them. That is in the area of home networking—all the work that is being carried out in connecting the home entertainment systems and the like, in which the Koreans are world leaders. ICA Korea and AEEMA have agreed that that will be the form of engagement. So we will use a

very focused approach, at least in our action agenda, to engage with the Koreans and look at something that is very strongly themed, rather than trying to make it too broad an engagement.

ACTING CHAIR—Do you think that will pick up enough of the SME sector to make it effective?

Mr Robinson—From our perspective, it is an area that we see growing in this country and it is an area in which we have quite a bit of expertise. If we can tap into where the Koreans have that expertise—and they are doing a lot of work particularly in the implementation area and the R&D area—we will form the relationship. But we believe that having a focused approach is much preferable to trying to get this very broad-scale engagement, where you will get a lot of companies come over, they will have a lot of different interests and there will be a lot of different interests from the Australian side, and it will be very hard to find that matching. So, in summary, we need to have focus and to provide the commercial reason why those companies need to start talking to one and another.

ACTING CHAIR—The cultural challenge is interesting. We discussed it yesterday as well—the question of cross-cultural understanding. I know that you are a very active peak body from my own experience with your organisation. Do you think that is a role for you? Is there something that AEEMA and similar organisations can do in encouraging your members to take the next step, as it were, particularly on the cultural question?

Mr Robinson—We represent our members. The government's free trade agenda, which we fully support, means that it is imperative for us to get our Australian companies into areas where there are real opportunities. We believe that there are real opportunities in the greater China region, inclusive of Korea, which are just not being realised by Australian companies. We are doing what we can to get the companies into Korea, Taiwan and China and start to understand the way that business there works.

The curious thing—although perhaps it is not so curious—is that the Korean companies are very Western focused; they have a strong relationship with American companies. I personally believe that the problem is not that Koreans lack the ability to deal with the West—they can do that very well; they have been doing that for a very long time. The problem is that not enough Australian companies are visiting Korea and finding out for themselves about these wonderful opportunities. Ambassador Heseltine says: 'Where are the Australian companies? They ought to be here in Seoul. The opportunities are begging.'

ACTING CHAIR—I think you are making a very good point—one which came out of yesterday's discussion—which we will develop further, I am sure.

Mr WAKELIN—I found the last little piece on your last page really interesting. You mentioned Taiwan and the trade relationship, the striking similarities with Taiwan and how we seem to have a template there which could be applied more to the Republic of Korea. I found that really interesting, given all the circumstances of Taiwan. Can you develop that a little?

Mr Robinson—Let me explain a bit about the Taiwan relationship, which has not happened overnight. It has been a four-year relationship, which started with us getting to know our colleagues in TEEMA, which is our industry association equivalent in Taiwan, and that

developed to a series of visits and business missions. This is on the back of the action agenda, which was very impressive to the Taiwanese because we had an Australian government backed document led by industry. The Taiwanese basically said, 'We are very impressed that you guys have actually got a strategy,' so they were prepared to start to engage with us. Last year we took a major industry capability mission to Taiwan which was funded by the Victorian government, and that gave us a real presence in Taiwan.

After that point of time, the Taiwanese industry and government said: 'We are prepared to deal with Australia because, for strategic reasons, we'd like to have a presence in Australia. You Australian companies are very good people to deal with; you have a commitment to a relationship. We are prepared to embark upon a formal relationship with you.' Last month, under the framework of the government's bilateral economic consultation process with Taiwan—which to date has engaged only in minerals and energy, with Taiwan buying a lot of our resources, while in the high technology area that they are very interested in the engagement has been very low—both Taiwan and our industry said, 'We would like the electronics and ICT agenda to be part of the bilateral economic consultation process.'

So the agreement that we have put together formalises a relationship between our action agenda—AEEMA are leading that, and we signed it on behalf of the action agenda implementation group—and the Taiwanese government, through their industry agency III, which looks at five areas. This is a very interesting concept that we have learnt from dealing with the Taiwanese. They say that all five pillars are important in development. There is research and development, ICT manufacture, strategic alliances, trade facilitation and investment attraction. They are not one thing following another; they are all part of a holistic relationship. So, in developing this quite structured relationship with Taiwan, we now have a linked bundle of activities so that if we are working in the R&D area we are also looking at the opportunities for investment attraction and so on.

We have selected six projects out of 67 that we have put to the Taiwanese, and both governments and both industry sectors are working hard to get those six projects up as trial projects to see what can be achieved. To take the analogy further, the Taiwanese are very strategic and the Koreans are extraordinarily strategic. They have a document which they call their 839 policy, which lays out in black and white the way in which they want to engage. So we say, 'If that's their strategy, we'll engage with their strategy.' Hence, we believe that if we take the same strategy and have a strategic engagement and match it with what the Koreans are interested in, we will have something to bring forward with our R&D people and our industry people in a really comprehensive strategic engagement, because the Asians do like strategy.

Mr WAKELIN—It just surprises me that that is not there to a stronger degree with the Republic of Korea. I hear the enthusiasm of the Taiwanese but I will be in trouble with the acting chair if we do not make the Korean connection, and that is what we are here to do. It just surprises me that we are not stronger with the Korean example in the way we have been with the Taiwanese example. You are suggesting we are not; in fact, you know we are not. Without verballing you, you have no doubt in your mind that we can that we can do that because we have proven it. Of course, as importantly, the Republic of Korea is open in the very same way.

Mr Robinson—I will answer the question this way. It has taken four years to develop the relationship with Taiwan. We have found the model that works. We have got this holistic

engagement which involves Invest Australia, Austrade, five state governments, CSIRO and NICTA. We have said: 'That model works; it actually does work. We can get government and industry working together with the research and development organisations.' We have not been as long in a relationship with Korea. We started that two years ago. We have Taiwan now bedded down in a relationship. Let us devote our attention to getting a relationship with Korea. That is the point I was making.

Mr WAKELIN—The fact is we can do it, no doubt because of the similarities and because the skill is there.

Mr Robinson—Yes.

Senator EGGLESTON—I am very interested in the IT relationship with Korea because Korea is such an important country in IT. I was going to ask you about the specifics of it but I see you have actually covered it quite well in part of your submission where you talk about SensorNet technologies, CDMA on fibre and so on. When we talk about collaboration with Korea, is it just in terms of research or is it in a business arrangement to develop products and market them on a worldwide basis or a local basis? Can you tell us a little bit more about what collaboration implies?

Mr Robinson—Yes, indeed. The Taiwanese model is all of those things, and it is all of those things that should be done together. In Australia, we have tended to do things in bits and pieces and in seriatim rather than in a coordinated sense. So we have recognised through the action agenda process that Korea is a very important player—a major player—in the global ICT industry. In fact, we say that the engine of the ICT industry globally sits between the greater China region and the United States. Korea, China, Japan, Taiwan and the US are all part of a complicated, interrelated relationship.

So rather than going into the US and competing head to head with the Americans—which is very hard work—we have to find niches to get into the greater China region to find ways we can get our clever ideas—and we are very innovative; we have got a lot of good product ideas—into that relationship. We need some of the bigger companies particularly to pull some of those ideas into global marketplaces. The Taiwanese and the Koreans all have particular skill bases which we can tap into but, because we do not have the large Japanese companies manufacturing in Australia anymore as we used to, we have to go into the marketplace and find those niches for ourselves. Those niches may well be collaborating with small companies who have relationships with companies like LG, Samsung and others. But we have to be in there and engaging.

Senator EGGLESTON—So we really need to be on the ground in Korea.

Mr Robinson—Absolutely, yes.

Senator EGGLESTON—We cannot do it from afar.

Mr Robinson—Exactly.

Senator EGGLESTON—That is a good point.

Mr Robinson—I make the point that we must realise that Australia is one of 180 or 200 countries in the world, all of which want to engage with Korea, Taiwan and China. So we have to be very clever and very strategic to make sure that the Koreans see us as an important partner, in the same way that we have actually now got that commitment from Taiwan. We have to be smarter. I really believe we can deal more effectively with the Koreans than the Americans because of the way we can engage more effectively with Asian cultures. But we have to be in there. The Koreans have been signalling now for many years that they want to engage with Australia, yet we have ignored that opportunity.

Senator EGGLESTON—Does engagement mean joint ventures? Is that where we are going?

Mr Robinson—Yes, joint ventures; doing things together, finding opportunities.

Senator EGGLESTON—The joint venture model is really the preferred model?

Mr Robinson—Yes.

Mr WILKIE—I am just wondering about your views on the Australia, Korea and New Zealand summit on broadband. Do you think that was successful?

Mr Robinson—Yes, I think it was very successful for several reasons. Firstly, a substantive group of people went to Korea, and I think that is important from the Korean perspective. They saw the commitment from our side. Secondly, Senator Coonan did an excellent job in articulating and representing our country as a leader of the ICT industry. She was able to, with a minister, Dr Chin, basically say, ‘This is the way we would like to engage with you through the action agenda process.’ Until we had reached that stage, there was no formal way in which industry could engage. Now we have taken our two action agendas and said, ‘These are the bridges,’ and the minister has given her endorsement to it. To that extent, it is a really good bridge that has been laid out.

Mr WILKIE—That is good but, comparing our take-up of broadband with Korea’s, ours is terrible and theirs is exceptionally good. It is a bit hard for us to say we are a world leader when we look at those sorts of comparisons. Why are they so good at the take-up of broadband? How are they providing it and do you think it is cost-effective?

Mr Robinson—In my opinion, firstly, there has been a shared and very strong financial commitment by both government and industry to make it work. It has been a very strategic partnership and it has been done over a number of years. Secondly, the Koreans have had the advantage. They have a very well endowed ICT ecosystem, as I call it. They have companies that can make things, lay out things and provide software, and it is all in place in Korea. We have suffered from the fact in our industry sector that where we want to do things, get a product into the market or develop something which is customised, we do not have the rest of the ICT industry support and we have had to rely on buying the stuff in or getting some priority from overseas. Those two factors—that there has not been a shared commitment by both industry and government to invest in the infrastructure and the lack of ICT capability, particularly in the hardware side—have made it very difficult for Australians to get to the same stage as the Koreans. Also, they are very strategic in the way they would like to implement their broadband strategy.

Mr WILKIE—How would they implement it? How would they deliver it to industry? Is it wireless, satellite or cable?

Mr Robinson—The whole mix. If you spend time working in Korea you see that, where a lot of our activity concerns fixed-line broadband, they are doing a lot of high-level work in fourth-generation mobile technology. The broadband debate in Japan and Korea is in the mobile space. They are a number of years ahead of us in their thinking because their broadband in the mobile space is where our broadband is in the fixed-line space.

Mr WILKIE—Going on from that—and it sounds like they must be doing it in a very cost-effective way—in Australia, for example, a cable connection would cost a fraction of what a wireless connection would cost, which would be a fraction of what a satellite connection would cost. How does that compare in Korea? Do they manage to make it all cost-effective?

Mr Robinson—I think the Koreans are fortunate in one extent in that they have most of their broadband capacity outlined in high-density areas, and that does provide a different business model. There is no doubt about that. The point I am making is that they are conceptually and practically at a far more advanced stage in the mobile technology area than we are.

Mr WAKELIN—The submission of the Department of Communications, Information Technology and the Arts says:

The proposed technology—

in the Republic of Korea—

would have a data transfer speed up to 1000 times faster than ADSL, and is expected to be on line by 2006.

That is fairly impressive, I would think, not being highly technically qualified. When might that happen in Australia? It would not be in 2006.

Mr Robinson—It is a question that is exercising the mind of government. In fairness to what is happening in Australia—and this point was made when I was speaking to an officer of DCITA yesterday—in some of our applications, like e-government and e-learning, we are slowly but surely implementing very effectively, and we really have to look at that level.

Mr WAKELIN—I know comparisons are odious, and I accept that, but it is just one very crude measure of why someone is No. 1 and we are No. 21.

Mr WILKIE—I will give you an example. It is no good having fantastic e-commerce if you cannot connect to it. I have people at Perth international airport that cannot get broadband, and I want to know how I can fix that. We might be able to learn from the Koreans and ensure that we can get that in a cost-effective way here. I think we have a lot to learn.

Mr WAKELIN—You are also telling us, I think, that there are some pretty sound commercial opportunities—

Mr Robinson—Of course.

Mr WAKELIN—with Korean companies, as well, that could bring us up to the mark.

Mr Robinson—Yes. They are signalling that they want to deal with us in digital content. We have very good digital content. They want to engage with us on home networking—they are a world leader in home networking implementation.

Mr WAKELIN—Back to your focus, rather than the broad—

Mr Robinson—That is right. But I must say this: I do believe that Australians are complacent in terms of where we stand with the rest of the world. We do not appreciate—and I say this as a criticism of industry and government—how quickly it is moving ahead in Korea and Japan. We are sort of content to let things bubble along. I think the answer to that is to get more Australians—researchers, industry people, government people—actually visiting Seoul, seeing what people are actually doing there, and saying, ‘Ah! I can see the differences, and they are things that we need to work on and work on very quickly.’

Mr WAKELIN—I have seen the difference in the last couple of days. I am greatly appreciative of that.

Mr Robinson—I would like to make one further point. Recently, the chairman of our Industry Action Agenda, Mr Bruce Thompson, wrote to Minister Coonan to inform the minister that a copy has been sent to Minister Nelson that the Electronics Industry Action Agenda is supporting the Australia-Korea photonics research centre, which is mentioned and referenced in Minister Coonan’s record of conclusions from the broadband summit. We would like to see support given to that centre because it would get a research centre, one CRC at least, actively engaged internationally. That is what we would like to see happen: more of our research institutions actually engaging internationally.

ACTING CHAIR—As there are no further questions, Mr Robinson, thank you very much for assisting the committee this morning. I think it has been a very productive discussion, and we appreciate your submission. The secretary will send you a copy of the transcript of the evidence so that you can make any necessary corrections to errors of transcription, if there are any. If there are matters on which we may need additional information, we will also be in touch with you.

Mr Robinson—Thank you very much for the opportunity to brief the committee.

Proceedings suspended from 10.32 am to 10.48 am

MAXWELL, Mr Ron, Private capacity

DOSZPOT, Mr Stephen John, Managing Director, Canberra Strategic Marketing (International)

ACTING CHAIR—On behalf of the subcommittee I welcome our witnesses to this next session. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private, you may ask to do so and the subcommittee will give consideration to that request. The subcommittee does not require you to give evidence on oath, but you should be aware that these hearings are legal proceedings of the parliament and therefore have the same standings as proceedings of the chambers. Have you any additional information you wish to add?

Mr Maxwell—Yes. Although I am appearing in a private capacity, I was an author with Steve of a report done about four years ago.

ACTING CHAIR—Thank you. I now invite you to make an opening statement and then we will go to questions.

Mr Doszpot—I will make part of the opening statement and then I will ask my colleague to add his thoughts as well. When I became aware of the inquiry regarding our relationships with the Republic of Korea, I felt it would be somewhat instructive to have a look at what happens to studies such as the one we completed back in 2001. That was a study commissioned by the Australia-Korea Foundation. I thought it was a very timely exercise that the AKF took on. We were very pleased to take part in the project, which looked at all aspects of the opportunities to strengthen economic partnerships between Australia and Korea.

In the course of our activities, it became very clear that one of the biggest issues that we have is a lack of knowledge between our countries. We certainly know about each other's geographic locations and we conduct business in certain areas to a very profitable and large extent, but overall I think it is fair to say that Koreans' knowledge about Australia and Australians' knowledge about Korea are fairly poor.

On a personal level, I have used sport as a method of relationship building throughout Asia for the last 10 years or so. Although our study looked at the economic aspects of relationship building, I feel that there is a very strong case to be made for building on the basic cultural and popular cultural relationships—such as sport—between two countries that are so closely allied in the way that they look at sport. The joint sponsorship by Japan and Korea of the 2002 World Cup was a good indication of what sport can do to highlight a country's effectiveness. I attached a couple of articles with my submission that look at the relationship aspects of building contact between our two countries.

Mr Maxwell—My only comment is to say something about the report. The terms of reference did not ask us to look at the overall economic relationship between Australia and Korea. They were just to concentrate more on the general trends that can have an effect on the service and technology sectors in both countries.

As part of the report we had to look at all aspects, including manufacturing and agricultural trade. After doing that, our focus was on the narrower areas of our terms of reference. As a result of our work, we thought there was room for much closer cooperation in the technology sectors. We made a number of recommendations, which are in the report, on some ways that they might be carried forward.

ACTING CHAIR—Thank you both very much. We discussed the report yesterday and the response to its recommendations with members of the Department of Foreign Affairs and Trade, amongst other people, which was interesting. Senator Ferguson, I am sure, will want to take that up in due course.

One issue which has been arising in discussions with all of our witnesses is the question of cross-cultural understanding. Before we get to the question of the effectiveness of football as a unifier, perhaps a more basic challenge is that Korea and many of its people exhibit a very strong interest in Australia—whether it is through studying, holidaying or working holiday visas or a range of other approaches—but we simply do not have a critical mass going the other way. We talked about that level of engagement when we discussed with Angus Robinson from AEEMA whether his SMEs are prepared to take up the opportunity, let alone the challenge. I think that there is a threshold question which this inquiry is going to try and grapple with as we proceed. I am interested in your comments on that.

Mr Doszpot—That is a very interesting point that has been of particular interest to me—how to engage locally with the business opportunities, improve our understanding of Korean culture and do business with the Koreans. I will use a very small example of a Korean trade delegation that arrived in Australia. This is going back about three or four years, towards the end of our report process. People from a sector similar to the one the trade delegation came from were invited to meet with their counterparts from Korea. I attended that. It was after our report was put together but I was interested to see—to follow on from what you are saying—what sort of interaction would occur there between the Korean delegation and the businesspeople who were invited to meet with them.

I felt that there was a total clash of expectations. The Korean delegation came with a view to selling their software products and I found that the expectation of a lot of the people who were coming to meet with the Koreans was that they could sell their products to the Koreans. So I thought there was a bit of a mismatch of expectations and that it should have been covered better. That is an indication of the planning that went into one such exercise. I am not saying all trade delegations meet the same sorts of obstacles, but that was certainly instructive from my point of view.

ACTING CHAIR—I appreciate that. Mr Maxwell, do you have anything you want to add in that area?

Mr Maxwell—No.

Mr WILKIE—I am interested in the educational opportunities around universities. Are they selling themselves enough in Korea as a place where Korean students should come and learn?

Mr Doszpot—Yes. My colleague might be able to elaborate on this a little more. The impression we gained from meeting with the IDP people in Korea and with their Korean counterparts was that there was a lot of interest from Koreans wanting to come here. There were some impediments, I think, from an immigration point of view. Ron, you might want to elaborate on that.

Mr Maxwell—I think the numbers show that there is a great increase in the number of Korean students coming to Australia up until the 1997 so-called Asian crisis, then they started falling away, then they went up again and then were coming down. But most of those students were in the English language area and some of them went on to universities. The impression I had from looking at the numbers was that there were not large enough numbers into the university level, particularly the postgraduate level. This is one of the things that we touched on in the report. We thought there was a much broader scope for cooperation between the Australian universities and the education system over in Korea.

From our discussions in Korea, including discussions with their ministry of education—they have a lot of research institutes and some of them were dealing with education—they wanted to change their education system, which was very much like the system when I went to school many years ago. It was all done by rote. There was no thinking about what you were doing and what you were learning. I got the impression that the Koreans were looking to change their system because of reports that had been presented to them by the OECD. We identified that as an area for opportunity for our education institutions to help the Korean system as well as just trying to get students from there.

What I think Korea was looking to do was, as we call it in Australia, human resource development. They were looking at new ways of human resource development. Things that came up in our discussions over there included their interest in the fact that in Australia we have a reasonable system of lifelong learning. You can start at the very bottom—from matriculation courses, through TAFE type colleges and through the universities—and all the education levels are recognised. Articulation is the technical term. That did not apply in Korea. And you could continually go back and get new education courses. Korea was looking for areas in lifelong learning as well as trying to change their system so that it is not just a system by rote.

Mr WILKIE—I suppose that is why I am asking. Your report has identified the opportunities, but I am wondering if Australian universities are doing enough to get Korea's students to come to Australia and take up those opportunities or even go to Korea, as they do in China and other places, and work on partnerships with the institutions there. Do you think they are doing that enough or do you think there are opportunities there that need to be taken up?

Mr Maxwell—At the time in 2001 I do not think they were doing enough. We have kept a bit of an interest in what is going on. Steven and I kept a very close interest for a year or two, but there was not much coming out from our report, so we had to go on and do other things. But the impression I have is that more could be done in Korea to try to get the students more into the university type levels rather than just the English language level.

Mr Doszpot—I will just add to that. Part of the problem we perceived—and, again, our comments are based on what is now a four-year-old report—and what we found very prevalent was that, whether it was education institutions, industry or IT companies, their focus on Korea

was very limited. Most of the target countries, from an expansion point of view, were in all of the arenas that we spoke to. On the one hand, there was Japan and China and, on the other hand, Korea was not even on the radar with a lot of the organisations. They kept saying to us, 'Why are you so keen on the Korean opportunities when there is a far bigger market in China, and we're already a fair way down the track in Japan?' We found that the opportunity was very significant in Korea, but it was not that well known within the academic branches or the industry that we consulted with.

Senator EGGLESTON—I would like to pick up on that kind of thing and also your focus on soccer. From my observation, most of our close relationships at an ordinary, personal level in Australia are based on sport. We play rugby with New Zealand and we have a good relationship there. We play cricket with the Indians, the Pakistanis, the British and the West Indians, so there is some sort of relationship there. Interestingly, Canada is a similar country to ours and to New Zealand. We do not have a lot of contact with Canada or a lot of public appreciation about Canada, but we do not play any sports with Canada which are publicly followed.

I think your comments about soccer are very pertinent. Once we get into the Asian group playing soccer, both the Asians and the Australians will become much more aware of each other. It will raise the profile of our country in various Asian countries and the profile of Asian countries in our country. I think it is a very good comment. You made some comments about business in your submission:

The major barrier to achieving this vision is a lack of knowledge about each other's strengths and weaknesses across the industrial/commercial chain. At the present time both countries tend to think of USA (and then Western Europe and Japan) as potential partners.

Following on from that and what has been said about education, when Koreans are looking for tertiary and postgraduate education, I think they would probably go first to the United States. As you said, they come here for English, but they perhaps go there and do their PhD. Is the solution to the cultural problem that we have to overcome perhaps offering ourselves as a sort of alternative to the United States and making Koreans aware in a general way of the quality of our educational facilities, our universities, the business opportunities, and that what we are fighting here is that strong association between the United States and Korea, which has followed on from the United States's involvement with the Koreans since the Korean War. I have been to Seoul only once, but my impression was that the United States has a very high profile there and we have a very low profile. Would you comment on that?

Mr Doszpot—I start with your first point on the sporting aspect. I know that, whenever I start talking about sport, people's eyes glaze over and say, 'He's a soccer nut and he's going to be talking about sport related issues from that point of view.' Quite on the contrary, I am very passionate about the opportunity for sport to play a major part from a political, a trade and a relationship-building point of view. Obviously, I have a bias towards soccer—or football, as we now call the game—but I am also a great admirer of rugby union and the way in which rugby union works on—if I can use the term—the old school tie, where some very powerful people in the business world make rugby union powerful, because it is, within our culture.

If you apply that same example to soccer, where in Asia we have not four football codes but only one football code, then the power of that rugby union school tie position is magnified

fourfold in Asia through football contacts. We have a very good opportunity to establish closer links within football, in particular, with Korea. The former ambassador to Australia, Ambassador Song, is now tied up with the football association in Korea, and our local football people should be picking up contact with him. All of these contacts are very valuable to gain a better understanding of each other's cultures and to build those linkages before we can get to the next level of trade—and, dare I say, politics—and are all very helpful.

On your second question, regarding the relationship with America, you are absolutely right. The linkages with America are much stronger, but there is also a very high regard for our Australian background and history, with the same military connections that the Americans have. We were sort of there, side by side, as well. There is a very strong respect for Australia through that background. With the opportunities that had opened up, whereby America was seen as the opportunity for young Koreans to further their academic qualifications, obviously, as a result of the 9-11 exercise, the security aspects have become a lot different since then, and I believe we are in a position to offer a far more secure environment in which their children can complete their studies. It is not easy to get the message across locally that Korea and Australia have a very good opportunity to have closer links in all of these areas. But it is just as difficult to get this message across in Korea, so we have a two-fold problem, and one that we need to address in both areas.

Senator EGGLESTON—I suppose we can argue the security side of it, but it is also the same time zone, it is closer and all those sorts of things. I suppose it is a slow process of raising our profile in Korea, as it is in other parts of Asia, and making people aware of the quality of our universities, for example, in terms of education. Some American universities are regarded as very high quality and very prestigious. So, if people are going to get a doctorate, they would rather get it from Stanford, Harvard or somewhere like that than from some Australian university of lesser prestige and world recognition. That is a difficult problem.

Mr WILKIE—Curtin university, certainly—

Senator EGGLESTON—I nearly mentioned Curtin, but—

Mr WILKIE—You can if you like!

ACTING CHAIR—We have a Western Australian imbalance.

Mr WILKIE—I try and slip it in as much as I can. Can I just ask a quick footy question? We have talked about rugby and soccer, but what opportunity is there for a real football game like AFL over in Korea?

Senator FERGUSON—About as much chance as cricket, I would say!

Mr Doszpot—I think it is commensurate with the playing base of the Korean children who are playing the game!

Senator FERGUSON—I apologise for missing your opening statement, but I notice that at the end of your submission you talk about the 12 recommendations that were made in the report about strength and economic partnership. I asked the department to comment individually on

each of those recommendations and, by the time we got to number 12, I think we had had six negative responses, some 'no action' whatsoever and about two responses out of all of those recommendations that were positive or where action had been taken. How important do you think those recommendations are in any future trading and cultural relationships with Korea? They are pretty comprehensive.

Mr Doszpot—We were very keen to have the recommendations adopted—or as many of them as we could have. We certainly have not seen too much evidence of that, but Ron and I are not that closely connected with the departmental activity, so that is why—

Senator FERGUSON—Neither are we, actually!

Mr Doszpot—But I thought it would be instructive as part of this inquiry to find out exactly how it works. I guess I should also say that I do not mean to be hard on Foreign Affairs or AKF on the work that is carried out, which I think is significant. What I was trying to highlight was the question: even though there is all this work going in, is the AKF funded enough? I am not sure if they have the capacity to deliver all of the areas that they explore. For instance, after our report, the opportunity to have a look at those 12 recommendations—and, to answer your question, I think it is important to at least pay attention to those 12 recommendations—and how they fit in with overall government policies and government initiatives is, again, for other people to explore.

My secondary question on that is: is there an overseeing agency that can actually carry through? These recommendations cut across the broad base of departments and while some areas may be of particular interest to the Department of Foreign Affairs and Trade, there are economic matters that fall within other departmental activities. I do not understand the governance or the follow-up or the project management—call it what you will—in what happens to these reports. That is my question. I thank you for following through on it.

Senator FERGUSON—The Australia-Korea Foundation is not just funded by government, though. It is funded privately as well, isn't it?

Mr Doszpot—I think it is primarily government funded.

Senator FERGUSON—I co-chaired the last one they had, which was in Hobart in 2003. During the forum, there were some very good ideas brought forward by people. But, at the same time, at the end of that we wondered who was going to put the ideas into operation. It seems as though in our relationship with Korea and a number of other countries we have lots of people with ideas but nobody actually putting the ideas into practice.

Mr Doszpot—Correct.

Senator FERGUSON—I made the comment yesterday that it seems as though, when it comes to matters of trade, things take a natural course because there is an incentive for the people involved in trading commodities or whatever it is to actually push and make sure that it happens. But, when it comes to education, cultural exchange and understanding each other, there is not the same enthusiasm. Is it necessary for us to have a better cultural understanding to have a good relationship? That is probably the real question.

Mr Doszpot—My personal feeling on it is an unequivocal yes. This is a hobby horse of mine. We say that you have to do business differently in Asia. You do not. To conduct business in Australia, you have to be just as much aware of the person you are dealing with. You have to have trust; you have to have an understanding of the person you are trying to sell your product to. It is quantified in Asia. If we only pursue our opportunities when we see opportunities—in other words, if we are just being opportunistic about our activities—then we are not really building our role within Asia. It comes back to a matter of sport and popular culture. Sport is not the end all and be all. But it is a pretty good place to start when you are trying to attract a mass market to your way of thinking or to help them understand more about your society.

Senator FERGUSON—But it seems as though the cultural understanding is all one way. I do not know how we change that. We have 22,000 students here—some studying English language courses, so they are not here that long. But there is a considerable number studying for longer. We have nearly 250,000 visitors each year to Australia from Korea. I do not know what the numbers are to Korea, but they are not that high. We send very few students to Korea. Koreans are getting a far better understanding of what it is to be Australian than Australians are getting an understanding of what it is to be Korean. How do we redress that imbalance?

Mr Doszpot—That is a thought that has exercised my mind a little bit as well. You are quite correct. The essence of trying to attract the local attention—and this is where I come back to sport again—is that you need to be interested in what the other team's supporters are all about. The World Cup was a pretty good indicator from a local point of view in terms of just how much Korea was put on the map.

Senator FERGUSON—It was on while we were in Hobart, so I can remember all the hype that was going on.

Mr Doszpot—I was in Sydney when one of the Korean matches was on. My brother lives in Toongabbie and they had Korean neighbours—and this is another anecdote totally unrelated to this exercise. We were watching the Koreans playing—what team, I forget—and there was a bunch of Australians singing, 'Ko-Korea', the Korean team chant that was developed and that we heard on television. The Korean neighbours heard us doing this and asked, 'What's going on?' I do not know if they had spoken much in between but all of a sudden there was interest because we were expressing interest in the Koreans. I am not sure if that answers your question. I have no definitive answers as to how to get our society more interested in Korea. But we have to explore ways of doing that.

Senator FERGUSON—The point I am making is that many of the Koreans who come to Australia have a desire to learn the English language and to study and they naturally become aware of Australian culture, Australian identity or whatever you like to call it. I am not sure there is that same desire from very many Australians to go and understand what is happening in Korea. They are very happy to do business with them. They are very happy to buy Kia cars and all of the things that are made in Korea that come to Australia, but they are not so interested in finding out what makes Koreans tick. They have no desire that I can see.

Mr Doszpot—You are absolutely right. I echo Mr Robinson from AEEMA, who was talking about the broadband capability of Korea. My background is in IT and I have a particular interest in what the Koreans were doing. At that stage there were some eight million people on

broadband. This is going back four years ago now. That alone should have excited some of our industries here in Australia to say: 'They're the country with the No. 1 broadband usage in the world. Surely there is something that we could learn from them.' That is one of the points that we made in the study as well but, again, I do not think our industry leaders were totally focused on what it is that we could learn from Korea. The impression that I got from people was that the Koreans are No. 1 because their social conditions enable them to get onto broadband quicker and better than we can. From an economic point of view, they live in high-density housing and it is easier to deliver broadband, but it is not that simple; there are other factors involved and other things that we as a nation could learn from Korea in some of these areas. Again, I am echoing what you are saying—that is, there should be more interest from our point of view to try to get involved with the Korean opportunities and not just at the opportunity time. I guess that is the bottom line.

Senator FERGUSON—We could do all of those things without any desire to understand the Korean people, couldn't we?

Mr Doszpot—We could. Business is a motivator.

Senator FERGUSON—I am not saying we should; I am just saying we could, and I do not know whether the desire is there.

Mr EDWARDS—What is the exchange rate? Can you tell me off the top of your head?

Mr Doszpot—No. I do not know at the moment.

Mr Maxwell—It is the Korean won.

Senator FERGUSON—It is pretty good.

Mr Doszpot—Yes. As Ron mentioned, our activities with Korea basically faded away about three years ago, so we have not been actively engaged ourselves because we are in a constant position in which government agencies thought we were a free service and we all had businesses to run as well.

Mr EDWARDS—Do you have an MOU on karaoke?

ACTING CHAIR—It came up this morning, to add clarification for you.

Mr Doszpot—I am pretty good at karaoke.

Mr EDWARDS—Without an MOU.

Senator FERGUSON—Following on from Graham's question, is it expensive to visit Korea? That is the best way to tell.

Mr Doszpot—It was a fairly expensive place when we visited. Hotels, meals and things like that.

Mr Maxwell—We paid our own fares as part of our consultancy. They were not extreme. The accommodation was not too bad. I did not find it extreme like in some places in Japan. I think it was because, as you know, the Australian embassy there arranged some of the accommodation for us and they might have had arrangements with the hotels. I did not find it outrageous like going to some places in Japan, for example.

Mr Doszpot—Generally, prices in Korea are pretty well on a par with ours. Major hotels would cost about the same and the cost of living is pretty much the same. The time that we were there was just at the end of the financial recovery in Asia. Obviously, the prices since then would have risen somewhat. I am sorry, I cannot apply today's standards to it.

Senator FERGUSON—I am not sure whether this has been asked before. I was talking about the cultural links and you suggested sporting links. I guess we were really looking at whether there were any other areas that you could specify or suggest that would help the cultural understanding, aside from sport and soccer.

Mr Doszpot—As far as popular culture is concerned, the Koreans are interested in much the same cultural activities as we are. Opera and that level of activity is very much on par. If we are trying to capture the mass attention, it is the popular culture that I keep referring to as sport. It is not just soccer. There are a number of sports that we play that are similar: basketball, volleyball—the Koreans are all very good at that—archery, tae kwon do. There are a number of sports that we could do some significant relationship building in. Soccer is not the only one, but I would suggest that, from a mass point of view, that is the most targeted one.

Senator FERGUSON—Is there what might be loosely termed an indigenous culture in Korea?

Mr Maxwell—There is, although you do not see much of it advertised. I am trying to think where I have seen it. I worked in Japan at one stage and it reminded me in some ways of the traditions of Japan, like in kabuki, but it was different. It probably had similar origins, going back a few centuries.

Senator FERGUSON—The Japanese occupied for 35 years, so I guess they had some impact.

Mr Doszpot—Yes.

Mr Maxwell—In trying to find some other area—I am not sure how you could do it—one thing I have noticed with the mass of Koreans, particularly the younger people, is their great interest in games. Wherever you went to in Seoul, there was always a room, like an Internet room, where they were playing games in large numbers. I do not know how we could do it, but if we could find some linkage through that of getting games that show something about Australia, perhaps something could be done there. That is one area. I personally do not play the games, but when we were walking around the streets I noticed premises where there were hundreds of people playing.

Mr Doszpot—Just to add to that, we are pretty proud of our IT capability and we call ourselves a smart country. I guess that is the message we have to get across. The previous

speaker, Angus Robinson, said that we are becoming complacent. I think we are very complacent about our role in IT within Asia and we could learn very much from Korea's acceptance and promotion of broadband and what broadband can do. We can provide a lot of content. We have some very smart industries that can assist that whole broadband activity. Just as an example of what Ron was talking about with the games—and, again, we are talking about four years ago, so we have to put it in perspective—four years ago there were kids in Korea playing electronic games in a networked fashion. There would be 20, 30, 40 or hundreds of kids playing against opponents with the same numbers. They had the infrastructure to support those sorts of networked IT games. I do not think we have the structure to do that even now.

Mr WILKIE—Following on from that, we heard that South Korea has broadband access which is something like 1,000 times faster than we have with ADSL. Where does that put us in a competitive sense, given that many of our businesses cannot even access broadband?

Mr Doszpot—That was one of the issues that we raised in our report four years ago—that there was a business inhibitor from some of our clever technologists, if you like, who could not get their product across because the Koreans wanted to deal via broadband and we did not have the capability of delivering the sorts of examples to them via broadband. Now, of course, as you say, with the advances that have been made in the last four years, I think it does inhibit our activities or our ability to interact with them in partnership. Yet we have a lot of content that we could be providing. The more content available on broadband the more opportunities there are for some of the innovative technologies that some of our people are coming up with. It is that lack of serious broadband, I guess, that is inhibiting the ability to build on that.

Mr WILKIE—And that will only get worse unless we address the problem.

Mr Doszpot—I think the problem needs to be addressed very strongly and quickly. I keep saying that these are things that we spoke about four years ago. And, having said that, I know that Minister Coonan led a mission to Korea; I think it was a broadband summit. So we are addressing some of these areas now. It will be interesting to see what we can develop from that sort of interaction with the Koreans.

Mr WILKIE—I am having a bit of chuckle, because I know that in Perth, only last week, they announced a \$200,000 upgrade for a broadband service in a region—\$200,000 for upgrading broadband is a joke really, when you look at the need. That is a personal observation. I think we need to put a lot more resources into it.

Senator FERGUSON—Earlier you were talking about a complacency that you thought was developing about IT. Do you detect any complacency at all in our trading relationship? A lot of them are long-term markets. We have been in the market in Korea for a long time. We have the biggest coal market and a whole range of other things. Do you detect any complacency in our trading arrangements?

Mr Doszpot—No, personally I do not. There are some very significant areas of development which are being pursued in a very successful fashion that we should also touch upon. One in particular that we highlighted in our report was the advances by the Macquarie Bank in the dealings they had with their operations within Korea. I know that they are doing very well in assisting with infrastructure development in Korea. That is another trade aspect that is growing

very significantly. I would not suggest that we are complacent. Overall, in terms of trade, I think there are issues being looked at, from a free trade agreement on. It is obviously a complex issue. The bottom line is that the attention that needs to be paid to Korea is there. Complacency is not the right word in relation to trade. There are limitations on what we can do because of cultural issues and in terms of agriculture—they cut across a whole range of areas. The complacency I was referring to was more in the sense that we keep calling ourselves a clever country in IT. We are clever, but if we keep just calling ourselves a clever country rather than promoting it as much as we should be then we will become complacent.

ACTING CHAIR—There are no further questions. Mr Doszpot and Mr Maxwell, thank you very much. It has been useful to go over the report in part and to discuss some of the activities that have occurred since. We are very grateful for your attendance today. If there are any matters on which we may need to seek further information, the secretariat will be in contact with you. The secretary will also send you a copy of the transcript of the evidence, to which you can make any necessary corrections to errors in transcription should there be any.

[11.29 am]

BIRRER, Mr Chris, Director, North and South Asia, International Policy Division, Department of Defence

COLEMAN, Mr Benedict, Assistant Secretary Asia Branch, International Policy Division, Department of Defence

MILLER, Mrs Michele Ruth, Director, International Materiel Cooperation (Europe/Asia), Defence Materiel Organisation

ACTING CHAIR—On behalf of the subcommittee, I welcome witnesses from the Department of Defence. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although this committee does not require you to give evidence on oath, you should be aware that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the chambers themselves. Before we go to questions, I invite you to make an opening statement, and then I am sure my colleagues will take up issues.

Mr Coleman—Australia has longstanding defence interests in the Korean peninsula stemming from its involvement in the Korean War. Our shared military history provides a strong example of Australia's acknowledgment that Australia's security is dependent upon a secure region. Australia continues to demonstrate its commitment to regional security and the stability of the Korean peninsula in particular through its commitment to the United Nations Command Military Armistice Commission in South Korea. Australia's contemporary strategic interests with South Korea include a commitment to a continued US presence in the Asia-Pacific region, concerns over potential threats to regional stability, especially from North Korea, and support for the role of the United Nations in global affairs. Australia and South Korea occupy important geostrategic positions in the region and actively support US engagement in the region as a factor for stability.

The Australia-South Korea bilateral defence relationship, though relatively modest at this stage, complements the broader bilateral relationship. The relationship comprises a moderate level of cooperative activities, including regular strategic dialogue on security issues and defence policies, and senior level visits to and from Australia. Other practical areas of cooperation include a biennial ship visit program, aircraft visits and professional and educational exchanges on defence matters of mutual interest. To support these activities, we have a modest defence engagement program. In financial year 2005-06, we expect to spend approximately \$30,000. This modest expenditure reflects the expectation we have for South Korea to pay its own way on most training and educational courses, in recognition of the strong state of the South Korean economy.

The opportunity to discuss strategic issues of mutual concern at the senior level is an important aspect of the relationship. The South Korean Minister for National Defense, Mr Yoon Kwang-Ung, visited Australia from 31 May to 2 June 2005. This was the first visit to Australia

by a South Korean defence minister, allowing ministers to make personal contact and exchange views on issues of mutual strategic importance. We also conduct annual defence policy talks with the South Korean Ministry of National Defense at the senior officials level. The next round of talks will be held in Seoul next week on 7 September. At these talks we will seek to build on the areas of mutual interest agreed during Minister Yoon's visit, including practical cooperation in peacekeeping and consequence management and defence industry cooperation.

We greatly value our educational exchanges, which foster mutual understanding between Australia and South Korea. We regularly offer a place for a South Korean officer to attend the Defence Strategic Studies Course at the Australian Defence College. We also invite South Korea to various international security courses and seminars, including the International Peace Operations Seminar, the Emergency Management Seminar and the Command and Staff Operations Law Course.

We also attach importance to professional military exchanges. Some recent examples of this include flight safety cooperation, lessons learned from South Korea's air warfare destroyer project and South Korean attendance at our air defence Exercise Pitch Black observer program. Consistent with our interests in developing the relationship in peacekeeping and consequence management, we intend to explore opportunities to expand the scope of professional exchanges and training in these areas.

Developing defence materiel cooperation activities is a key engagement mechanism for the defence relationship. A memorandum of understanding on industry cooperation was signed on 8 August 2001, and we hold regular defence industry meetings to identify opportunities to promote defence industry cooperation. The next meeting is scheduled to be held in Seoul later this year. Some recent examples of defence industry cooperation include the decision in 2004 to purchase a \$50 million oil tanker to replace HMAS *Westralia*; the interest shown by Samsung with their K9 self-propelled gun, as a possible contender for project LAND 17; and the agreement to purchase South Korean manufactured 155-millimetre high-explosive artillery ammunition. In addition, Boeing Australia has submitted a tender for South Korea's airborne early warning and control aircraft upgrade project. I am accompanied today by Ms Michelle Miller, Director of International Materiel Cooperation, from the Defence Materiel Organisation, who will be able to discuss the defence industry relationship between Australia and South Korea in further detail if you wish.

The Australia-Korea bilateral defence relationship has developed well over recent years and the trends for a continuation of this are positive. South Korea's impressive economic growth and its enhancement of its military capabilities has led South Korea to develop a new confidence in its own security, allowing it to look beyond the security of the Korean Peninsula as common ground for its defence and strategic relationships. The short- to medium-term development of the defence relationship will focus on maintaining the current level of strategic dialogue and high level contact while identifying areas for further practical cooperation, including in peacekeeping, consequence management, and defence materiel cooperation.

Mr EDWARDS—You make a point in your submission that, increasingly, younger South Koreans see the North less as a security threat than as part of an artificial division of the Korean nation. What are the longer term ramifications of that situation and what importance do perhaps those younger Koreans put on the six-party talks?

Mr Coleman—If I separate those two, the major consequence I see would be in terms of the strategic relationship between South Korea and the United States. I think both sides are aware that both sides will have to work harder to demonstrate the continuing value of this alliance. I think we are already seeing some examples of how that has come into play through the US Global Force Posture Review and in particular some of the moves being made—the repositioning of US forces in South Korea—to reduce some of the footprint in South Korea, particularly in Seoul. I do not think there is any doubt that the South Korean government still is a very strong supporter of the six-party talks, so I would not see some of those trends that we refer to in our submission as having an immediate impact on South Korea's policy towards the six-party talks.

Mr EDWARDS—You state in your submission that 9,000 personnel have been cut since late 2004. You also indicate that the US plans to realign its forces in South Korea and reduce them by approximately 12,000 over the next three years. On what basis have these decisions been made? Are they saying, for instance, that they can do more with less?

Mr Coleman—Essentially, yes, that modern technology enables them to do more with less. In particular, the US posture essentially reflected the situation in 1953 and the basing arrangements about essentially where the stop line was in 1953 at the time of the armistice. More than 50 years since then, the pace of technology and the ability to redeploy forces if required has meant that there was a very heavy burden being placed on South Korea in terms of the footprint, while not necessarily being required in terms of modern day capabilities, so both sides were able to agree to a repositioning as we have described.

Mr EDWARDS—What is the nature of the war games with South Korea, and when will they actually take place?

Mr Coleman—We do not have any immediate detailed plans or information to give you on that. What I can say is, through the regular ship visit programs, we are able to conduct things like passage exercises and things of that nature. The media commentary may have been a reference to that.

Mr EDWARDS—Could you take that on notice and give us whatever information is available?

Mr WILKIE—It can be said that a week is a long time in politics. I know that we asked for submissions to this inquiry back in March, and because Defence is very efficient they would have got their submission in fairly quickly. The submission refers to the pending meeting in May-June with Yoon Kwang-Ung and to a number of other areas that have been covered. Given that it is now September, can you tell us how those talks went and where we are currently at in regard to the howitzer purchase and the ammunition purchase and what is happening with our artillery?

Mr Coleman—I will ask Michele to talk about those materiel aspects, but the talks between the two ministers went very well. They established good contact and broad in-principle agreement to develop the relationship.

Mrs Miller—With regard to the K9 howitzer purchase, at the moment we are still developing the RFT. The project had gone to the market with a market survey. A number of people responded to that, the Korean company Samsung being one of them. That RFT is not scheduled for release until 2006, but all respondents to the market survey will be receiving a copy of the RFT.

Mr WILKIE—And the ammunition?

Mrs Miller—Is this the 155 millimetre ammunition?

Mr WILKIE—Yes.

Mrs Miller—At present Defence has contracted with ADI to procure ammunition, and ADI have since subcontracted to a Korean company to supply that ammunition.

Mr WILKIE—I did not mention the AEWAC system, but I am interested in it. Given that we are now going down the AEWAC line, what are we doing about the upgrade? I think South Korea has an upgrade to the airborne early warning and control system.

Mrs Miller—All we know of the South Korean procurement for that is that they are in the tender stage and Boeing has placed a tender for that requirement. With regard to our AEWAC capability, we are only too happy to share with Korea any lessons learned that we have attained by being in contract with Boeing on that particular thing.

Mr DANBY—Can I follow up on Mr Edwards's question to you about the changes in the ROK forces and the US forces. The Defence submission says that South Korea has growing military capability while there are those two drawdowns of forces taking places. I do not know whether the Australian Department of Defence has an official position on this, but in the unlikely event of a North Korean conventional military attack on South Korea, is it Australian Defence's view that South Korea could defend itself successfully?

Mr Coleman—By itself?

Mr DANBY—With the existing arrangements.

Mr Coleman—Analysts may vary a little on this, but I think the widely accepted view is that in the end North Korea would not successfully prevail in a conventional attack on South Korea but that enormous damage could well be inflicted by North Korea in that process.

Mr DANBY—With regard to the US forces drawdown, prior to the breakout of tensions about the North Korean nuclear program, was it the view of the US administration in the first Bush government—that is, the current Bush government—that there would be a total withdrawal of US forces from South Korea at some stage? Was it official talk or gossip that the US forces were going to get out of South Korea entirely?

Mr Coleman—I am not aware of any official line along those lines. I do not believe there has ever been any official countenancing of a total US withdrawal from the South Korean peninsula.

Mr DANBY—But there was more talk of redeployments prior to the crisis over North Korea's nuclear weapons.

Mr Coleman—In the US review of its force posture worldwide, given the very substantial forces in South Korea, South Korea was obviously part of that overall global force posture plan.

Mr DANBY—So ironically, if the nuclear crisis had not blown up, US forces may have been drawn down even more than the 12,000 in view of their worldwide redeployments.

Mr Coleman—I do not have information to suggest that.

Mr DANBY—Can you tell me what the Korean attitude has been to the recent Russian-Chinese military exercises?

Mr Coleman—I have not seen a reaction to that.

Mr DANBY—Could we possibly find out if there was one, and what they think the defence implications are?

Mr Coleman—Sure.

Mr DANBY—What is the Korean defence attitude towards the cross-strait tensions between Taiwan and China? Has that influenced their military posture at all, looking beyond their conflict with North Korea or have they stayed silent on that?

Mr Coleman—I have not seen any specific indicators that Seoul is factoring the Taiwan Straits into their force posture at the moment.

Mr DANBY—Do the South Koreans have a relationship with Taiwan? I know they have recently had very constructive short talks with the PRC.

Mr Coleman—Are you asking whether they have a military relationship with Taiwan?

Mr DANBY—Yes—exchanges, purchases—

Mr Coleman—Not to my knowledge.

Mr DANBY—If they do have any purchases, could you find out about them and let us know what the Chinese attitude is to them? Also, if the Taiwanese are buying South Korean 155-millimetre canons and artillery, what is said about that by the Chinese side?

Mr Coleman—So essentially you are asking what the nature of the South Korea-Taiwan military relationship is, and what Beijing's reaction is to that.

Mr DANBY—Yes.

Mr Coleman—I will take that on notice.

Mr DANBY—Thanks.

Mr WAKELIN—The Korean peninsula sits geographically between Japan and China. I believe that President Bush has encouraged us to urge China to see whether it can have greater influence with North Korea. You may or may not wish to comment on that. I wonder whether we can look beyond the current discussions, the tensions and the six-party talks. As I presume you would in a strategic sense, can we look at the US relationships with Japan and China, and at where the Korean peninsula sits in the long term with those sorts of influences? Do you have any strategic comments about that? I will add a couple of supplementary questions a minute; I am looking outside the square little bit.

Mr Coleman—You will appreciate that that is a large question. There would be thinkers in Seoul who would already be contemplating the role that Korea might play in that North-East Asian strategic context, possibly as part of a reunified peninsula. There is no doubt that Koreans are very aware of their nationalism and also very aware of their period under colonial rule by Japan. The lesson that they would generally draw from all that is that Korea will need to be self-reliant and able to play an independent role in that North-East Asian dynamic. That does not mean that it would not be a strong alliance member. I am not making a comment about whether they would see their alliance with the US as having a use-by date; I do not think they would. But I think that they would look to have constructive relationships with their very large neighbours—Japan and China. In that context, they might well judge the alliance with the United States to be a very valuable asset as they conduct their terms of relationships with their large neighbours.

Mr WAKELIN—Earlier we touched on the topic of the emerging generation of young people from the Republic of Korea and you have touched on the relationship with the north in that time. What is the take on the young Koreans view of the US and the US forces there—noting that the United Nations centre is moving out of Seoul? What is the take on that at the moment?

Mr Coleman—You need to be a little bit careful about generalisations. I know that we did make a statement along those lines in our submission but I would not want that to be interpreted as being a universal or overwhelming feeling amongst Korean young people—they will vary as they do in any society. I do think you can draw a generational distinction between the feelings of the older generation, particularly of those who went through the Korean War and experienced the very practical way in which the US presence was able to protect them from the north, and young people who do not have that immediate, direct experience.

Mr WAKELIN—Some might even draw that distinction between generations of Australians feelings towards the Japanese.

Mr Coleman—Indeed—between those who went through the Second World War and today. We do not see evidence that there will be an overwhelming groundswell of opinion which is hostile to the US or to the alliance. We do not see evidence of that.

Mr WAKELIN—But you do see evidence of an emerging and changing relationship?

Mr Coleman—Certainly.

Mr WAKELIN—Perhaps they will be more independent?

Mr Coleman—Indeed, but I would expect it would be within the context of an alliance with the US. As I said a little bit earlier, we are already seeing signs of some adjustments being made by both sides through the reposturing of US bases in South Korea to reduce the burden on South Korea, particularly in Seoul.

Senator EGGLESTON—In your submission you said that the Australian Defence College welcomes South Koreans attending or doing courses at the college but on a full fee paying basis. Can you provide us some details on this. How many South Koreans are there at the Defence College, are we marketing ourselves to South Korea and to other Asian countries, does the issue of charging full fees affect the number of enrolments coming from South Korea and are those fees paid by the government or the South Korean military?

Mr Coleman—The short answer is that we do not have any difficulty in filling the places we can make available to South Korea at the college. My understanding is that the fee is paid by the Korean government not by the individual. In fact, in general the capacity of the college tends to be the limiting factor, not the lack of demand. In terms of the numbers, I think it is once every two or three years?

Mr Birrer—No. We have a standing invitation for South Korea to send officers to the Australia Defence College each year. Since 2001 South Korea has sent three officers of a colonel equivalent level to the senior course at the staff college—the Centre for Defence and Strategic Studies. In 2001, 2002 and 2003, Defence paid for the attendance; it was at no cost to South Korea. The next South Korean officer, a naval captain, to attend the same course in 2006 will be on a full fee for service basis which South Korea will be paying.

Senator EGGLESTON—So the number is quite small and they are fairly senior people doing senior staff courses. Is there fairly strong interest, or weak interest, from the Korean forces in attending these courses in Australia?

Mr Coleman—They are pretty keen to attend. We have seen nothing to suggest otherwise.

Mr Birrer—While the number is small, the course itself is quite small. It is limited to about 50 students, of which about half are Australian and half are from overseas. There is strong demand throughout the region for attendance at the staff college.

Senator EGGLESTON—So Koreans are among the 50 per cent of overseas students who come to the course?

Mr Coleman—That is correct.

Senator EGGLESTON—How long does the course last?

Mr Coleman—One year.

Senator EGGLESTON—Can you tell us anything about the content of the course that makes it attractive, or shouldn't we be asking that question?

Mr Coleman—In broad terms it covers the higher levels of command; it is more at the strategic level and deals with considerations of broad military power. It is not just tactics or operations; it is at a higher level. It looks at international relations, elements of national power and that sort of thing.

Senator FERGUSON—In your submission you talk about the growing capability of the South Korean forces. Can you expand on that? Can you give us details of any cooperative exercises that take place? I know that Korea is one of the eight nations at RIMPAC every two years, but what other practical collaboration is there between the Australian and Korean armed forces? Can you give us details of the growing capability you were talking about?

Mr Birrer—The South Korean government has placed a high priority on improving the capability of the South Korean forces; it is more a quality issue than a quantity issue. Those improvements have led to the United States military agreeing to transfer a range of missions across to the South Korean military as the capabilities improve. There will be a shifting of the burden; the South Korean forces themselves will take on more of a deterrent role. It is a stated policy of the South Korean government that, while South Korea continues to enhance its alliance with the United States, it will take on more of a military deterrent role through providing the capability improvements and budgetary increases that that requires.

Senator FERGUSON—What about the exercises they do with Australia other than RIMPAC?

Mr Coleman—We do not conduct any at the moment.

Mr Birrer—There are no bilateral exercises.

Senator FERGUSON—They are not invited as observers to any of the other exercises with the States?

Mr Coleman—We would draw a distinction between active participation in an exercise and observing an exercise. We do have South Korean observers at Exercise Pitch Black.

Senator FERGUSON—Why don't we invite them to take part in exercises?

Mr Coleman—It is just not something that either side has raised at this stage. It might be one of the things that both sides might be able to identify as being in their interests in the future. Bear in mind that the deployment of operational units, from where we are, is not an inexpensive undertaking, but certainly from a policy perspective there is nothing we would disagree with, as long as both sides see it as being in their interests. As I said, neither side has raised it to date.

Senator FERGUSON—Do you know how many South Korean forces are involved in peacekeeping operations around the world? I imagine they are in more than one area.

Mr Coleman—I can give you a list of recent South Korean peacekeeping activities. In 1993, a South Korean engineer battalion was dispatched to Somalia. In October 1999, the South Korean Evergreen Unit, an infantry unit of over 3,000 personnel, was dispatched to East Timor, withdrawing in October 2003. South Korea has also participated in peacekeeping operations in:

Georgia, with seven observers sent in October 1994; the Western Sahara, with a medical unit of about 20 personnel sent from September 1994; India-Pakistan, with nine observers sent in November 1994; Afghanistan, with two liaison officers sent from January 2002; Liberia, with two observers sent in November 2003; and Burundi, with two observers sent in September 2004. Of course, while not strictly peacekeeping, they also have the third largest force in Iraq.

Senator FERGUSON—Do you know how large it is?

Mr Coleman—They have about 3,600 personnel there. It is a very large force.

Senator KIRK—As you have just noted, the Koreans are heavily engaged in peacekeeping, but your submission notes that that is going to be the medium- to short-term focus of the Australian-South Korean defence relationship. Yesterday, the minister, if he was reported accurately in the *Australian*, said:

... our defence ties are surprisingly underdeveloped ...

In your view, how will the development of exchanges on peacekeeping and counter-terrorism effectively enhance those ties, and how will we take it forward?

Mr Coleman—We are still essentially exploring with both sides where our mutual interest lies, but in the area of peacekeeping I am reasonably hopeful that there might be some useful lessons to be learned—if you like, exchanges of lessons learned—and perhaps there will also be some cooperation in peacekeeping doctrine and through peacekeeping training courses. We run a peacekeeping operations course which we have invited South Korean officers to attend. It may be that South Korea runs similar courses which might be suitable for the ADF. That is something we would need to explore. In the counter-terrorism area, one area that might be of mutual interest is consequence management—dealing with the consequences of a terrorist attack. We believe that the South Korean forces are likely to have some good capabilities in this area. There are not many countries in the Asia-Pacific with good capabilities in this area, so it is important that we explore whether they have capabilities that are of interest to us—again, in terms of lessons learned and the type of techniques, equipment, skills, doctrine and organisation of their units. This is still a new, unfolding area, so the chance to compare notes about how they do business and how we do business in that area is pretty useful to us.

ACTING CHAIR—What sort of time frame would you see that focus unfolding over?

Mr Coleman—I do not want to be too prescriptive, but we should have a clearer sense of the potential benefits over the next year.

Mr EDWARDS—When will we make a decision about the K9? How many other countries are looking at competing with us to purchase the K9? Are we still asking for bids from other defence manufacturers to replace our artillery pieces while we are looking at the K9? And I cannot recall: are the K9s a mixture of self-propelled and carried, and are they wheeled or tracked?

Mrs Miller—I will have to get back to you on all of that, except to say that, like I said before, we are developing up the request for tender with regard to procurement. I could not tell you how

many other countries are procuring the K9, but perhaps the project can provide me with that other information.

Mr EDWARDS—Can you take all of those questions on notice?

Mrs Miller—Certainly.

Mr EDWARDS—Also, can you confirm for me that the ammunition we are looking at buying is not depleted uranium treated? I am sure it is not, but I would like to have that confirmed.

ACTING CHAIR—Thank you very much for attending today and your assistance to the committee. If the committee needs to follow up any issues with you the secretary will be in touch. You will be sent a copy of the transcript of this morning's proceedings, to which you can make any necessary corrections.

Proceedings suspended from 12.05 pm to 1.31 pm

AYSON, Dr Robert Fraser, Fellow and Director of Studies, Graduate Studies in Strategy and Defence, Strategic and Defence Studies Centre, Australian National University

FOX, Professor James J, Director, Research School of Pacific and Asian Studies, Australian National University

HUISKEN, Dr Ronald Herman, Senior Fellow, Strategic and Defence Studies Centre, Australian National University

KIM, Dr Hyung-a, Fellow, Department of Political and Social Change, Research School of Pacific and Asian Studies, Australian National University

VAN NESS, Dr Peter, Visiting Fellow, Contemporary China Centre, Research School of Pacific and Asian Studies, Australian National University

ACTING CHAIR—Good afternoon. On behalf of the subcommittee, I welcome our witnesses to this roundtable this afternoon. Although the subcommittee prefers that all evidence be given in public, should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to that request. Although the committee does not require you to give evidence on oath, you should be aware that the hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the chambers themselves. I invite any or all of you to make an opening statement. Then we will go to questions from members of the subcommittee.

Prof. Fox—Let me begin. My submission was very brief and it was on behalf of the ANU. I will also be brief in this opening statement. What the statement I made is about and what I want to reiterate is the fact that the ANU as a university and particular parts of the ANU—for example, the Research School of Pacific and Asian Studies—are committed to developing and have been planning for some time to develop a further focus on Korea and all aspects of Korean studies from economics to history and politics. We believe we have the largest concentration of expertise on Korea. We have not a sufficient number but a small number of research students now working on Korea doing their PhDs on Korea. We also teach the Korean language. We are not the only but we are one of the few areas in Australia universities that teach Korean. Three years ago, the Korea Foundation provided a grant to the ANU of a million dollars. The ANU matched that endowment with a further million dollars to establish a professorship in Korean studies. That was the first single long-term commitment to Korean studies.

We are now involved in various discussions at various levels with various possible donors to increase the endowment, to potentially establish something that at the moment is simply called a Korea centre. We are involved in that. We have high hopes that that will come about. An aspect of that is the fact that Hyung-a Kim and I were in Seoul some months ago and we talked with the deputy CEO of POSCO. From those discussions we have arranged for the President of Pohang University of Science and Technology—otherwise known as Postech, which is the university supported by POSCO—to pay a visit to the ANU. We understand that that visit will take place in November. From that platform we will talk about broad collaboration in not just Korean studies but the exchange in areas of information technology, science and whatnot. I will leave it at that.

ACTING CHAIR—Thank you very much, Professor. Would anyone else like to speak?

Dr Van Ness—I am a specialist on Chinese foreign policy and Asia-Pacific security. My connection with Korea is that for more than two years I have been working with Korean colleagues, most particularly on the issue of the nuclear problem in North Korea. We held a workshop at the Institute for Far Eastern Studies in Seoul more than two years ago, and most recently I participated in a conference on the six-party talks, cohosted by the University of Washington and Seoul National University, that was held in North Korea. I have continued to collaborate and do research on the six-party talks with colleagues most particularly from Korea but also from the other countries that are involved—Russia, China, the US and so forth.

Dr Kim—I am a specialist in Korean politics. My proposal is mainly to do with Korea, for a change—Korea orientated Australian-Korean relations enhancement. As we all agree, Korea is the fourth largest trading country to Australia. To Korea, Australia is No. 6. So the relationship is absolutely blossoming trade-wise. Another area is education, but I emphasise that it is just cheap, short-term English learning. Over the years that Korea has traded with Australia, there is no doubt that the relationship has blossomed, but for a very strange reason so far Korea has been peculiarly neglected. Let me put it this way: in the eighties we had a Japan boom. Nobody requires an explanation. From 2000 to right now we have been going through what we call a China boom. To me, it is like a China craze. It is completely mind-boggling.

On the other hand, people hardly know what Korea is really about and who are the Korean people. It goes vice versa. In other words, there is a fundamental need for both governments to have genuine investment in research, education and cultural understanding. Trade is good and selling education cheaply is good. But, unless there is a fundamental basis which will support that long term, it is very shallow. In other words, we can educate Australian students to go to Korea and vice versa. I mean not only those at high school or university level but also those at PhD level and above that. In the next 10 years policy makers and political decision makers can also have some influence there.

There are three strategies I would like to outline. The first is what we call the ‘Korean wave’. Asian countries—such as Japan, China, Hong Kong, Singapore and Indonesia—are all going through the Korean wave, which includes popular culture, art and drama. The Korean culture is admired by Asian countries. On the other hand, we Australians have never heard about it. We are missing out. In order to enhance relations in the long term politically, strategically and economically, we need to back up and build the bases, so let’s get involved in this Korean wave. In Australia we have the four largest Korean conglomerates: POSCO, Samsung, Hyundai and LG. I just found out through the Australian ambassador in Korea that POSCO is Australia’s single largest corporate customer in the world, and we do not capitalise on it. Another thing we can capitalise on is the 40,000 Koreans in Australia. In other words, we must utilise the Korean community in Australia to link people to people. Without establishing mutual understanding there is no hope.

When you go to Korea, Australian images are somewhat poor and vague. Australia is seen as a country where you can go to see a naked lady at Bondi Beach and where it is very cheap to send children for short English courses. Australians’ ideas of Korea are not much better. Knowledge is vague—once upon a time they had a war and now they are making some good money. Also, in 1997 there was a financial crisis. That is about it, but there is far more to offer. I am making an

appeal. As Professor Fox has said, the second medium we can utilise as a strategy is supporting education throughout—primary, secondary and tertiary—but, above all, let us have three to five postdoctoral students and support genuine researchers. It sounds very peculiar, but, if I may say, even at the ANU I am one of three researchers on Korea. We have fewer researchers than the Pacific islands. On top of that, I just noted that ARC spending in relation to Korea last year was a mere two per cent. Korea is ranked number four in Australia's trade and is blossoming economically, and yet the research spending on collaboration was only two per cent.

I emphasise that people-to-people, mutual understanding is genuinely needed. For that let us use the Korean wave and utilise the Korean community and Korean business connections. I understand that BHP, Rio Tinto and the Macquarie Bank are doing roaring business. We can help them work together to have this link. But we cannot do it alone. Government has to give it attention. Just like the government gave attention to investing in the Japan and China booms, it is time our government paid attention to Korea-Australia relations and supported this Korea centre idea. Also, ANU has the best Asia-Pacific studies, and we can build on that. Thank you.

ACTING CHAIR—Does anyone else wish to make a statement?

Dr Ayson—My interests are in Australia's strategic interests in Korea. My starting point is a paper I wrote recently with a colleague of mine, Dr Brendan Taylor, about the possible use of military force on the peninsula. Whilst a lot of people focus on the potential for a repeat of 1950-51 and argue that it is too costly for the US to consider conflict on the peninsula, we should not rule out entirely that prospect. After all, in 1994, Washington came fairly close to attacking North Korea's nuclear sites. If it were to happen again, the decision might not be made for such a surgical, limited strike; there may be regime change and other considerations in mind. As a party to the armistice on the peninsula, as a leading US ally and as a country with an important stake in North Asia's economic and strategic stability, it is obvious that Australia would stand to lose considerably, whoever began to use violence on the peninsula, although the prospects for that seem more unlikely than likely.

The second point is that Australia has strong strategic interests with South Korea, particularly in a peaceful and stable balance in the wider region. I am not just talking here about the ongoing six-party talks, which we understand have been delayed for another two weeks, picking up again on 12 September; there are broader issues involved. South Korea has pretty much decided that it is willing to live with a nuclear North Korea if that is necessary; what it cannot really handle is an unstable North Korea. The same goes for China.

The bigger issue in terms of those common strategic interests between Australia and South Korea is the big issue facing the Asia-Pacific region as a whole, and that is the rise of China and the future regional balance—particularly the balance between the US and China. Today, South Korea is seeking to manage its relations both with the United States, which has been its traditional ally over the last 50 years, and China, its near and rising neighbour. As it is doing so, it is developing a reputation for an independent-minded foreign policy. In a major speech earlier this year, the South Korean president spoke of his country's potential role as a balancer in Asia. This sort of position suggests some common interests and even some common purposes with Australia. Indeed, as Australia also seeks a well managed adjustment in the regional balance of power and needs to manage its own relations very carefully with both the United States and China, it could well look to developing a concerted strategic dialogue with South Korea because

of those common strategic interests. Certainly close political and military relations between Australia and South Korea make sense in this context.

My third point is that, looking forward, the strategic implications of a potentially reunified Korean Peninsula need to be given some consideration, even if we think this is going to be some time away. I do not think we should expect a scenario where the north simply caves in and collapses to produce a bigger south, if you like. Instead, such a development might enhance the sorts of trends I mentioned earlier—a unified Korea which might be rather distant from Washington, enjoying very positive relations with its neighbour China and whose relations with Japan could be quite complicated, for a range of reasons. There are some common interests but also some competition there.

In some ways the arrival of a unified Korea might stir greater strategic competition in North Asia, and that may not be in Australia's interests. But as a significantly sized state with its own sense of destiny and that independent mindedness, a unified Korea could also become an important buffer in the emerging Sino-American strategic competition. In a sense, that also increases the potential common strategic interests with Australia, both now and in the future. Consideration of these points—to me, anyway—shows that Australia's shared strategic interests with South Korea can be an important part of an enhanced bilateral relationship and that, in turn, that bilateral relationship is based on far more than shared commercial interests.

ACTING CHAIR—Thank you very much, Dr Ayson. We have opened a range of issues that the committee would like to pursue, and certainly we would like to match Dr Kim's enthusiasm, if we can.

Mr DANBY—I am not sure who to address this to. Looking at the big picture, the six-party talks, maybe one of you could answer the question: are you confident that the North Koreans will come back after this current suspension to the talks? Maybe someone else could answer the question: are they really concerned? One of the grounds for them not being there is the appointment of this special American rapporteur on human rights. A third and related question is: is the human rights situation in North Korea going to become worse with the developing problem of hunger in the DPRK, particularly with international oil prices, with this coming winter and with the problem that North Korea seems to have with accepting aid from UN agencies?

Dr Van Ness—On the question of whether North Korea will come back to the talks, I think they will participate. They have given two reasons for postponing the talks. The talks were to resume this week, and of course they have not. They are now talking, as Rob said, about the week of 12 September. One reason—

Mr DANBY—Did you say they are talking about coming back then?

Dr Van Ness—Yes, they are. But it is by no means firm yet. They gave the excuse, as you say, of the appointment by the US of this special ambassador—I think his name is Jay Lefkowitz—on human rights in North Korea. They also mentioned the joint military exercises between the US and South Korea. I think they are both excuses.

Mr DANBY—Do those military exercises end on 12 September, by the way?

Dr Van Ness—I think the exercises are already over. So I think they will come back. I think a very important issue, though, is whether under any circumstances the North is going to be willing to give up its current nuclear programs. There is a great deal of debate about that among specialists.

On human rights and hunger, I do not see any improvement in the human rights situation—that is not something I work on—or the hunger situation. The NGOs that are involved on the food issue are seeking new funding. Apparently their funding has not completely run out, but it is considerably less than it has been in the past, so they are seeking new funding for that.

Mr DANBY—My last question—I am sorry; I do not mean to be rude, but I do have to catch a plane—is with regard to the attitude of the United States at the talks. You have been very critical in your paper of past Bush doctrine, from ‘axis of evil’ forward. The Department of Foreign Affairs and Trade told us about two million kilowatt hours of energy from the South Korean power grid that the Americans had offered, apparently with South Korean cooperation, to the North Koreans at the six-party talks. Is that realistic? If the North Koreans are not going to agree to drop their nuclear program, what have those two million kilowatt hours been given for? What is the quid pro quo?

Dr Van Ness—As I understand it, the offer was made only on the condition of a quid pro quo, as a part of a package of incentives to convince the North Koreans to give up their programs and to accept verification. Specialists differ, but it is my understanding that some people feel that one of the big problems of the offer of energy from the South is that it would make the North totally dependent upon the South for this key element of their existence—energy—and therefore they have some real reservations about that.

And of course then there is the other issue that seems to have been the most serious one in the most recent session of the talks: that the South wants to be able to maintain and keep its commercial power generation nuclear capability, and the US has opposed that. There are differences among the six about that very issue, and I think that is going to be a central issue when the talks resume.

Mr DANBY—Thanks.

ACTING CHAIR—I will ask questions to set up the discussion from where we have been in the last day and a half. They go to some of the things that Dr Kim said in particular about mutual understanding, people-to-people links and so on. By way of observation, it has seemed to us that, in tourism and in education—although I acknowledge that short courses in the English language are perhaps an artificial inflator of the numbers—there is some interest from Korea to Australia, but the reciprocal interest is lesser. One question would be how we can address that here.

The second question is regarding the concept Professor Fox advanced of a Korean centre. Yesterday, in his early evidence to the committee, His Excellency Sang-hoon Cho, the Ambassador for the Republic of Korea in Australia, said that they were also pursuing the idea of a Korean research centre at an Australian university. I wonder if there is a meeting of the minds on that.

Prof. Fox—I can answer that. Yes, we have been speaking specifically to him, and very recently as well. He has been kept aware of our different overtures to POSCO. He is aware of the planned visit of the president of POSCO. I think he is well aware of the various irons in the fire.

ACTING CHAIR—Thank you. Now to the first question about mutual understanding: the cross-cultural engagement looks like a big challenge from where we are sitting.

Dr Kim—Thank you so much for raising that question; yes, you are right. At the moment we have over 23,000 Korean students in Australia, which is next after China. Most of them are learning English, and yet that is a far better number than that of Australian students wanting to go to Korea. I was told that we have fewer than 5,000 Australian students studying in Korea at the moment. I hope I am wrong, but I think my information is right. The question is: why don't Australian children want to go to Korea to study? There is no reason why they cannot be inspired by it. You do not study because somebody says to; it has to give you inspiration about what it can do for the betterment of your career. Because Korea has had such a low profile in Australia, there is hardly any interest. My own son does not want to go to Korea; I gave up. He is an ANU student.

ACTING CHAIR—That might make our job a little difficult!

Dr Kim—I have been saying every third month: 'If you go, then I shall give you this.' He said to me one day, 'Mother, just tell me why I have to go there.' I said, 'You are just missing an opportunity.' And he asked me, 'Which opportunity?' This is the thing; this is why I am coming back to this again. You cannot just rely on trade or some cheap quip: 'We have 200,000 tourists annually.' That does not support a long-term strategy. Korea has to have a profile where Australian students think that, when they study Korean subjects, they can better their careers, so they can be inspired by it, and vice versa. We cannot inspire them. You can ask, 'Is it the chicken first or the egg first?' Students say, 'There are hardly any Korean researchers who are lecturers, so how do we study?' Then the university would say, 'Because there are hardly any students, we do not need any lecturers.' I appeal to you. This is why I say again that it has been tremendous luck for Australia and Korea to have such roaring trade without lifting a finger, but now is the time that we can make some genuine investment so that we can build the structure so that we can have the alumni.

Why do you think Koreans all go to America? It has to be Berkeley or Harvard. They are the ones who make the decisions and who do all the politics. This is why I suggest in my proposal that the Australia-Korea council has done a wonderful job and the members are absolutely distinguished people but they have very little understanding of Korean culture, history or politics.

It is about time that—even though in the eyes of the department of foreign affairs and this government certain people are not particularly brilliant—we involved some people who understand the language, the culture and the politics so that we can build people-to-people links. Unless we build this, we cannot upgrade the understanding of the Korean idea of Australia and Australians and vice versa.

Senator FERGUSON—Dr Kim, I am going to try and ask a question without getting into an argument with you.

Mr EDWARDS—Are you scared you might lose?

Senator FERGUSON—I am dead scared of it. Our first term of reference asks us to inquire into our relationship with the Republic of Korea and developments on the Korean peninsula. I want to put aside the developments on the Korean peninsula for a moment and just talk about our relationship. Relationships between Australia and other countries in the world seem to come in three different categories, as far as I am concerned. There are historical relationships, which are relationships that have gone on for years and sometimes over 100 years; there are military relationships, which we have had, for instance with the United States—we have fought alongside the United States in every major conflict for 100 years; and there are trading relationships. I have not mentioned cultural relationships, because Australia has had a longstanding trading relationship with South Korea. The relationship was not developed through a cultural understanding; it was developed through Australia being able to supply a need in trading commodities and other things Australia had to offer to a country emerging after the Korean War. It is a longstanding trade agreement. I am of the view that the current strength of our trading relationship will be maintained whether or not we pursue the cultural relationship.

You cannot say to people, ‘You must become interested in Korea’s culture.’ It is not a reaction that you will find amongst students. You can encourage it and talk about Korea but there has to be a desire for Australian students, postgraduate students, or anybody else who is Australian, to become involved in learning more about Korea, the Korean people and the Korean relationship. So when we look at the relationship with South Korea—I think I said this to someone yesterday—essentially, we find that our relationship has been a very strong trading relationship and quite a weak cultural relationship. I do not think many people would argue with that.

The fact is that there are an enormous number of Koreans who have come to Australia who have some understanding of Australia, Australians and the Australian way of life, even if they have only been here for a few months on a short language learning experience. But the number of Australians who show a desire to go to Korea is very small. We cannot make people have an interest. We can encourage. I take issue with what you said earlier. You said that in order to maintain the strong trading relationship in the long term we will have to improve the cultural relationship, and I do not know on what basis you made that statement. I am prepared to lose the argument.

Mr Kim—You are right. If we categorise the two countries’ relationship based on certain things such as historical links, military links or trading links then in Korea-Australia relations there is mainly a trade link and a historical link. Even though it does not go a long way back—

Senator FERGUSON—It is 50 years.

Dr Kim—Since the 1950 Korean War, it has built such a positive alliance historically, not like Japan and Australia. Korea and Australia are genuine comrades. There is a spirit of comradeship. I would say that is because of historical and trade reasons. It is about time we encouraged education so that Australian people can understand Korean culture. I am not saying that Australian people learning about Korean culture is the only way; I am saying normally somebody’s understanding of a people or country, I believe, is based on their understanding of the history, politics, culture and of course economic benefits. The way I see it, Australia-Korea trade is very complementary. What I mean by that is Australia sells, as you say, what Korea

needs. We do not compete with each other. What Australia sells to Korea is what Korea needs this year, next year, in 2,000 years—it does not matter. You are right in those terms.

At the moment Australia is selling natural resources to Korea. For example, the POSCO president told me personally last year that 56 per cent of their raw materials come from Australia, so to them securing Australian resources is one of their biggest objectives. Of course, it is. If we look at it in that way, we have got natural resources, so we do not have to lift a finger; they need us. We do not have to do that, but Korea is selling cars, computers and so forth to Australia. Also, Australia is so good at research. It is, however, not so good at commercialising what it researches—in other words, we could be such complementary partners if we developed a little more understanding between the two countries. If we invested in some genuine education and supported some researchers, the collaboration and alliance could be even stronger. Through that, we could build support in Korean society and vice versa.

Currently, in Korea all the policy makers are American trained. The present government is very eager to take a step back from that and to try to find more balance. That is where I believe we can make a huge difference. Our education system is excellent. Our research standards are brilliant, and they want that. That is why I emphasise the need for investment.

Senator FERGUSON—Would you encourage young Australians going to Korea for postgraduate studies or some other form of education to try and learn more about the culture of Korea? What would be the first thing you would do?

Dr Kim—The first step would be to introduce exchanges such as cultural ones for ordinary people to see—for example, exchanges of arts, exchanges of sports and exchanges that ordinary people can enjoy. As a matter of fact, the conglomerates Korean Hyundai and LG are sponsoring sports teams. As a first step, I would strongly encourage the Australian government to take Australian things to Korea so that Korean people can admire and understand what makes Australia, what is so unique about Australia, and vice versa.

Dr Huisken—I would like to inject a point in there. Your points are well taken, Senator, that to start cold, so to speak, and have no driver that you can detect can look like a futile exercise. I think it is true to say that Australians, like many other peoples around the world, are not culturally the most curious mob around. In addition, in North-East Asia the competition is pretty fierce. China is a very alluring country in a cultural sense and so is Japan, and so Korea is in much the same situation that Australia is in a way. Lots of people study the Americans, the Germans and the French but do not worry too much about the Australians as a Caucasian culture, if you like.

But there is a possible way in if you would like to argue it, particularly to our commercial area, which is that we have this trade relationship which is now of very significant proportions and destined to remain so, but it is also one that we have not had to work too hard to get. I think you can safely argue that that ease of selling, if you like, is not going to last and that we will have to work harder, and also that our trade relationship is going to change in character. There will be a diminution over time in selling just raw materials and an increase in the higher order business contacts—or at least that ought to be a national objective because there is no doubt that South Korea, let alone a unified Korea, is going to be a very important market.

It seems to me that the sorts of decisions the bigger corporations will need to make down the track are in fact crucially dependent on having a fairly fine-grained understanding of how that part of the world is going to evolve, if you like, and roughly on what timetable—that is, under what circumstances might Korean unification become a genuine political objective. Where is Korea in the long term going to nestle among the United States, Japan and China? That sort of stuff is a pretty fundamental ingredient if you are the head of one of the larger Australian corporations or the multinational corporations with branches in Australia.

In putting that case to them, the derivative is: where do they go in Australia to get that sort of understanding, to add a bit of finesse and judgment, if you like, to their strategic investment decisions? I certainly agree that, from where we stand now, trying to solve the dilemma of a lack of mutual curiosity about our cultures gets pretty difficult—it is the chicken and the egg, as my colleague has said. There is some useful underbrush there to fill in, and we may start with some cultural exchanges to see whether anything takes off, but the immediate and practical hook, if you like, for something along the lines that I think you are trying to get at ought to be as I have outlined.

Senator FERGUSON—I just want to make a point. I guess the real dilemma for governments and for others is whether it is more important to look at cultural exchanges with a country like Korea, where we have a very strong existing trade relationship, and a pretty solid relationship in general, or for the government to put that energy into emerging relationships and understandings. We can think immediately of countries like India, where there is an enormous market, and China, which of course has been on fire, as you have said, for a number of years now. It is a matter of governments and private companies having to decide where they are going to put their efforts. Sometimes when you have a strong existing market and you are looking to expand, you look for an emerging market. Having captured, for want of a better word, one market you might want to put all your efforts into capturing another.

Prof. Fox—Let me put it in more stark terms. I cannot believe we will ever send 23,000 students to Korea to study Korean. I would be delighted if we could manage in this country or at the ANU to have 23 students finish third-year Korean. Twenty-three is not a large number. What is happening is that we at the ANU are trying to build up a program on Korea against a tide of popularity for and continuing interest in Japan and China. We are struggling to do that. If you look around the nation now, you see a contraction in the other Korean studies programs in Brisbane and Melbourne. It may well be that we will soon be the only university teaching it.

The pressures of maintaining a Korean program are significant because you face the same sort of question—is it better right now than the China program, in effect? There are many more students studying Chinese than Korean. The Chinese program actually cross-subsidises the Korean program. That is why we have to go out—and this is what we are doing—to the Australia-Korea Foundation, POSCO and the multilaterals in Korea, who also have a stake in seeing that there is at least some expertise in Australia about Korea, and try to persuade them to put the kind of investment into our program that we need to continue.

It would be very good if the federal government would recognise the importance of having what I consider adequate expertise. But at the moment the sad fact is that, throughout the country, Asian studies programs are under considerable pressure, and those of lesser demand—that means other than Japan, China and Indonesia—are all under serious threat. We will maintain

Korean and I can see us maintaining Korean. I am not saying it is going to end. But it is a struggle—a very serious struggle.

Mr EDWARDS—I just want to address a question to Dr Van Ness. Under the heading ‘Bush doctrine’, you talk about Bush when he first took office; about him having an ‘ABC policy’; about talking to the South Korean President about Bush’s attitude of deep distrust of engaging with North Korea; about Bush’s reference to the ‘axis of evil’, which included North Korea; and, of course, about the view that North Korea could be a potential target of the United States. Do you sense any change in the Bush administration’s attitude now to North Korea? Do you think that Bush has softened his attitude to some degree and is perhaps talking in a more cooperative way?

Dr Van Ness—I think there is definitely a change. To what extent it is superficial or basic is hard to tell so far. One good example is that initially, as part of ABC—Anything But Clinton—the Bush administration was unwilling to engage in bilateral negotiations with the North Koreans. Now, in connection with the six-party talks, they have engaged in bilateral discussions not just within that context, during the meetings in China, but also in New York, where the North Koreans have a mission to the UN. The United States over the past several weeks has engaged in at least three negotiations—and I think it may be four negotiations; this is as far as is known in public—with the North Koreans.

Moreover, very importantly, the atmospherics have changed. The President, as we all know, has made a statement about how he loathes Kim Jong Il and so forth, and the administration have labelled the North as an outpost of tyranny and so on. That has stopped. He now refers to Kim Jong Il as ‘Mr’. The new negotiator, Christopher Hill, representing the United States in the six-party talks, seems to have a much broader range in which he can negotiate. He seems to have established a much better rapport among all the participants in the six-party talks, he seems to be much more responsive to ideas coming from the other side, and this gives me greater hope that indeed the six-party talks may turn out to be successful.

Mr EDWARDS—Do you think China has been influential in that change of attitude and, if so, to what degree?

Dr Van Ness—Obviously, China has been very influential—just in the fact that it is hosting the talks. I am still not clear where the six-party formula came from. There is a history of what used to be called the ‘four plus two, track 2’ arrangement among the same countries, the four major powers and North and South Korea. But, in my judgment, the six-party arrangement is the ideal one for dealing with this issue. All the powers that have the greatest interests are involved and nobody else. I think that is much better than trying to deal with the issue in the UN Security Council or elsewhere, and China has been central to that.

What the Bush administration has wanted from the beginning, in my opinion, is a coalition of the willing, and what it has found is a coalition of the unwilling. That is, the others—most particularly South Korea, which is a surprise to many people, but also China and Russia—are not prepared to engage in a so-called coercive diplomacy way of dealing with the North. They want a negotiated conclusion to the talks and they are prepared to provide economic incentives, as well as security incentives and so forth. I think China has been very much a part of, in effect, trying to influence both sides—the United States and also North Korea—to become more

accommodating and to move towards each other and, hopefully, reach a successful conclusion of the talks.

Mr EDWARDS—That was the next question I was going to ask you. What is your opinion as to what influence China might have on North Korea?

Dr Van Ness—China have a huge potential influence. They have a treaty with the North Koreans, they fought in the Korean War on the side of the North and there is all that party-to-party history. Today, materially, they are the major source of food and energy imports into North Korea, and that gives China levers of power that they could use, if they chose to. They have not chosen to and that has frustrated the United States, because the United States is, in effect, saying to China, 'If you want a solution, you have to really force North Korea to agree to our position,' and, as I say, the Chinese have not been willing to do that, nor have the South Koreans or the Russians.

It is interesting that, with respect to the so-called proliferation security initiative that was initiated by the United States to try to cut off exports and imports of weapons of mass destruction and delivery systems, many countries have participated, including Australia, but South Korea and China have never participated, making the whole idea of cutting off those exports and imports very difficult.

Mr WAKELIN—Mr Edwards has touched on the same subject I want to ask about. I will try and come at it in a slightly different way. Towards the end of your paper you talk about the fact that, whatever the Bush administration said or once said or whatever the international community offered, the Democratic People's Republic of Korea may not agree to give up its nuclear option. You believe that the reason that they have taken the nuclear option is that they feel threatened from outside. Is that right? Is it that there is a threat—

Dr Van Ness—There is a variety of reasons, but that is certainly one reason. They feel particularly threatened in light of the initiatives of the Bush administration.

Mr WAKELIN—I am just trying to test the strength of your case that nothing that the international community might do might take it away from them, so I am looking for the other reasons, I guess.

Dr Van Ness—This is an absolutely key issue. When I participated in this conference in North Korea in June, there were a very large number of some of the best-informed South Korean specialists at that conference, and so I kept putting that question to them. To tell you the truth, I was not getting straight answers. There are so many things going on. One thing that all the participants in the six-party talks are looking at is what is happening around the world. They are looking at Bush's public opinion ratings at home; they are looking at how the Iraq war is going; they are looking at the negotiations with Iran; they are trying to assess what the US can do. Does it really have a military option? Short of that, if the talks were to fail and if the United States wanted to take the issue to the UN Security Council, are they likely to get the resolution that they want? I would argue that—

Mr WAKELIN—That is a resolution in terms of denouncing the nuclear option?

Dr Van Ness—Imposing sanctions and so forth. At this point, the Chinese and the Russians, both enjoying a veto power in the UN Security Council, would not support such a resolution.

Mr WAKELIN—Could you say that again, please?

Dr Van Ness—Let us say the talks dragged on or the North Koreans failed to participate. One thing that the United States has threatened is taking the issue to the UN Security Council. And this is a key point: if North Korea test a nuclear device, then the rules change and we are into a new ball game. But if they do not test and if the US wants to impose economic sanctions, especially vis-a-vis a UN Security Council resolution, the Russians and the Chinese would both oppose it—as perhaps other members of the UN Security Council would.

Mr WAKELIN—Just to throw in one other thing, you mentioned the 1998 missile that went into Japanese territory and that that had an impact on the Japanese-US discussion. There are many things at play.

Dr Van Ness—Many.

Mr WAKELIN—The last question I would like you to perhaps advise me on is this: I thought the whole idea of the reduction in nuclear proliferation was to try and reduce the number of smaller countries who have that option. It seems to me that the only option that is left to the US is to offer it to the Republic of Korea, and that has not even been talked about—and I would not expect it to be. I am interested in your analysis of what justifies the North Korean position.

Dr Van Ness—From their point of view, what they say—as I mentioned earlier—is that it is their security and the security of Kim Jung Il and his regime.

Mr WAKELIN—That might be it, yes.

Dr Van Ness—He is concerned about his own head. One of the participants in that conference in June said, ‘What about proposing an amnesty to the leadership as a part of these negotiations?’ That is an idea that ought to be worked through, because they are concerned about their heads. Another participant made a very important point. He said, ‘Some of our carrots in this business of carrots and sticks may not be seen as carrots by the North,’ because they would require an opening of the regime and so forth, which may lead to its collapse.

Dr Ayson—It seems to me that a country such as North Korea, with its economy and situation, does not have too many cards. The idea of it having a nuclear program, whether that is a fully developed nuclear weapons program or not, is a card that it is going to be very reluctant to hand in. If it cashes that in, there is not much more that it can do to cash in. Also, it has used that quite successfully in the past to extract concessions from others. So, in a sense, North Korea has been somewhat rewarded for maintaining at least the idea that it has this active program.

Mr WAKELIN—Some might say it has been rewarded for bad behaviour.

Dr Ayson—To some extent, yes. The question is: what would it take to get North Korea to give up such a program? It is very hard to know what you could say to the current regime to convince them.

Mr WAKELIN—Mr Danby asked a question about the offer of power. Did you respond to that?

Dr Ayson—There is a little bit of a potential parallel to the Iranian situation here. You can say, ‘You don’t need a civilian program. We can provide all the power you want.’ Yet that is not really the answer because (a) there are other things that they want a program for, and (b) there is the issue of autonomy and sovereignty. North Korea keeps talking about sovereignty. The idea that they would increase their dependence upon someone else in exchange for giving up the thing that gives them independence is still problematic.

Dr Huisken—It would not be an academic roundtable if there were unanimity here.

ACTING CHAIR—Thank heavens for that!

Dr Huisken—I am a smidgin more optimistic but only in the sense that North Korea has not persuaded itself yet that a long-term future as a nuclear weapons state is an attractive option. They are smart enough to realise that that future would mean continuing isolation, basically being a pariah state on the fringes of the international community and enjoying the fairly narrow band of security that a nuclear capability buys for you. On the other hand, as Dr Ayson has just pointed out, it is the only thing that they have got. So their dilemma is that they know what the minimum is in terms of the bargain offered to them in order to give up this capability in a comprehensive and irreversible sense, but there is not an upper limit. In other words, the bargain cannot be too good because they have this one card in their hand; there is nothing else. Perhaps the biggest danger is that they are going to hang in there nibbling away, asking for a bit more for just too long. If a reasonable window of opportunity should open up, they might miss the boat.

China’s role has been seen as crucial in two dimensions. One, as Peter pointed out, is that they have some pretty hard levers on North Korea—power and food and so on—that they could turn off if they had to. The other is that they are the only one of the three parties that can talk North Korea’s language, as it were, that can sit down with them and say, ‘We’ve been in the outside world now for 25 years. We’re in and out of the Congress and US administration. We know how that place ticks, and we are here to tell you that there is room to move here, but this is a no-go area.’ It is all that sort of stuff—to read the world, if you like. The Koreans are by no means dumb. If you look at where they have got with a very limited hand, you have to have grudging acknowledgment that they are not in any sense irrational. They know exactly what they are doing.

China has done reasonably well, in the sense that everybody understands that it is supposed to be North Korea’s friend. If North Korea is friendless, which it would be if China were visibly not its friend, it is not going to do any kind of a deal. China—everybody understands this, so a lot of licence is given to China when it backs off a little—needs to keep North Korea feeling that it is not entirely alone against the other five. Still, the Americans have become significantly more impatient in the last six months with China not being prepared perhaps to threaten rather more realistically that enough is enough—‘You need to talk turkey now.’ China may well do that because, down the track, there is a big downside for it if North Korea consolidates itself as a nuclear weapon state—or as a state with nuclear weapons, I think is the correct technology. Even though South Korea and Japan will say today until they are blue in the face, ‘We have no interest whatsoever in nuclear weapons; our commitment to the NPT and so on is rock solid,’ I would

not bet a day's salary that either country would give the same answer in 20 years time. Having two additional nuclear weapon states in the near neighbourhood, one of which is Japan, does not make for a rosy future for China either. So the pressures on China are not insignificant as well.

Prof. Fox—This comment may be partially tangential. I spoke before about our training and cultural relations with South Korea. I do not know whether the committee is aware that four or five years ago the ANU was involved in giving economic training to some 27 technocrats from North Korea; we had an ongoing program for training in economics and public policy. That group has gone back to Korea and could—I simply say 'could'—in some possible different future for North Korea play a very influential role. In May, Professor Peter Drysdale was back in North Korea ostensibly to speak to some of our former students—it gives us an opportunity to go back and see our alumni; it is a legitimate sort of opportunity—and, apart from that, to discuss the possibilities of a further training program. From what he was able to report, there certainly is considerable interest in renewing that program in the future and sending more people to Australia for training; it will depend on how these other negotiations turn out. But there is this other opening towards a possible technological forum for North Korea.

Senator KIRK—My questions relate to education exchanges and, in a sense, build on what Professor Fox just referred to. We have heard that there are about 23,000 Korean students in Australia and I understand that most of them are probably undertaking English language courses. I will ask you all my questions to begin with and then perhaps you can outline some answers for me. Firstly, what percentage of those 23,000 students are undertaking English language courses; and, secondly, what number are undertaking university education, whether tertiary undergraduate or postgraduate degrees? With the potential establishment of the Korea centre—if it goes ahead—is there the possibility to have scholarships for PhD students to come from Korea, study in the centre at the ANU, gain their qualifications and then perhaps return home, thereby enhancing that kind of cultural exchange that would exist from a student having spent a considerable period of time and having gained qualifications in Australia?

Dr Kim—On the first question, which was about numbers, I can only give you a rough figure. Of what I think is over 23,830, I do not expect there to be any more than a maximum of several thousand at the university level. However, what I can emphasise here is that, throughout history, Koreans have been exceptionally elitist. I think Korean families are probably the only families that will sell the last little plot of land to send their children to university. I have not seen any other country like this. Only this morning I read that Koreans spend the highest sums of money in the world on private education for their children. The will of Korean people to go to university and do well is high. Australia has got a huge potential. Whilst we have only got a few thousand, the majority of students complain that there are hardly any researchers. The problem here is, again, that there are hardly any lecturers. That is the problem. We now have in our research school two PhD students from Korea. One is in international relations and the other one also wants to commence on Vietnam-Australia relations. Their question is: where is the Korean manpower or Korean experts? We are forced to go to America. That is the problem. I can only say that to your first question.

The second question was about PhD students. I hope Professor Fox will talk about the Korea centre. When we have PhD students at the centre, I seriously believe that that is the right way to go about it. The quickest way we can put some of our people in the Korean community, in a high profile, is by having some PhD students and nurturing them. Within 10 years we can see them in

the congress and in the middle-upper echelon of bureaucracy. I will leave the other question to the professor.

Prof. Fox—I will be brief, for the Korea centre is still just a dream. If you could dream, you would want to have scholarships. You have to have scholarships: students have to be supported, and they have to be supported so that they can concentrate. We regularly find that if you have a full scholarship students can concentrate on their work, they can finish more quickly, and they can get on and get out. If you have to support yourself with outside work and make a living, it is a long, drawn-out process at the PhD level. My other remark is, again, from my limited knowledge, as I am not an expert on Korea; I work on South-East Asia. I think it is interesting that Korea have regularly sent a number—again, their program for the study of South-East Asia is quite small—of their people to study South-East Asia in Australia. We have trained a number of their experts on South-East Asia who now teach back in Korea.

ACTING CHAIR—To follow up on that concept, what number of visiting academics from Korea come to Australia and visit or teach for a period in Australia?

Prof. Fox—It is very hard to put a number on it. We regularly have visitors—in fact, just two weeks ago I had a couple of lunch and dinner meetings with a visiting professor of Vietnamese studies from Korea. We are in regular contact. I know more of the ones who were working on South-East Asia. But one of the things that we have begun developing, for example, is providing adjunct professorships to distinguished professors at Korean universities who then come and spend three months of the year with us. Professor Lee from Korea University, one of Korea's outstanding economists, comes to the research school and spends three months of every year here. So we have him as a partial faculty member. We are looking to do that more often. That is something that the Korea centre could also sponsor—more of that kind of adjunct professorship.

Dr Kim—May I make some additional remarks? I have an anecdote to tell you. I do believe that the Korean embassy initiated, suggested, this. There is a brains trust, a think tank, an East Asia centre; it is run by a very prominent political scientist. He said to me only last May: 'Hyung-a, the Korean ambassador was asking me to host this Korea-Australia forum, because I had a run of forums—a China-Korea forum, a Korea-Japan forum—and they were so popular. Now there is a regular Korea-China forum every third month—all middle-aged congressmen exchanging ideas. So you can imagine the impact of that influence. And the Americans have a Korea-America forum. So obviously His Excellency the Korean ambassador was very, very enthusiastic about it.' I said: 'That's a very good idea. What did you say?' He responded that he had said, 'Oh, no, I can't do that.' So I said, 'Why not?' and he said to me, 'Well, with these other forums I don't even have to worry about them. They are eager to participate. They even offered us a sponsorship. But if I want to run a Korea-Australia forum, I have got to go out and beg for the speakers. I don't have the time or the energy, so I said I couldn't do it.' I said, 'What a pity.'

Last year I ran a Korea conference at the University of Wollongong and I can say that, for the first time in Australian history, I think, we had invited prominent Korean experts from America, Japan and Korea. From Korea alone, 14 professors, the very best ones, were here. They all said it was a most stimulating three-day conference. As a matter of fact, a book is coming out. There is enormous interest. All we need is a little bit of investment. I do not see why we are putting so much effort into Japan-Australia relations and China-Australia relations.

Senator Ferguson, has said: ‘Without doing anything the trade with Korea is really, really marvellous, so why do we have to expend extra effort and money? Why do we not just go to India so we can encourage that trade?’ With respect, Senator, I would like to refer you to this morning’s newspaper, where the Nobel laureate, Professor Doherty, was saying that research is being so neglected and making money has been so heavily emphasised that we are losing sight of things. I would say that the reason why we have to put some effort into Korea-Australia relations, in terms of broadening and strengthening cultural understanding and mutual understanding, is not that we can do good business that way but that we can do even better business. Thank you.

Mr EDWARDS—I have one final question and I will address it generally. This morning, the Department of Defence appeared and, in their submission to us, stated:

Seoul views the six-party talks as a fundamental stabilising influence to keep the US – North Korea standoff under control. But increasingly, younger South Koreans see the North less as a security threat than as part of an artificial division of the Korean nation.

Do any of you have any comments about that?

Dr Kim—Yes, I would like to speak about that. My book, published last November, is about the conflict in the seventies and the stand-off between Carter and the dictator Park Chung Hee. That time was like the situation now with Bush versus Kim Jung Il. Bush advertises what he is going to do and how he is going to pre-empt. In the seventies, neither party ever hinted that the real problem was the South Korean dictator’s nuclear program that Carter really loathed. Carter loathed Park Chung Hee, just as Bush loathes Kim Jung Il. Your question is: hasn’t it affected the South Korean younger generation? President Roh Moo Hyun is the result of the younger generation loathing this idea of Bush pushing. This adverse reaction was: ‘We are not afraid of North Korea; we are more afraid of American policy. So we are going to get rid of this cold war politics. We are going to put this man in.’ If anybody had predicted that Roh Moo Hyun was going to be the President two days before, we would have said, ‘Go to a hospital and have your brain checked.’ But that man became President.

Right now in Korean society, the younger generation is absolutely up in arms. Unless we take notice of that, whether there is a six-party talk or a 10-party talk, I do not personally believe anything will happen, because the South Korean younger generation—they are the largest part of the population, by the way, and the largest group of constituents—are the ones who tell their own fathers, ‘We do not really agree with what you have done, so we are not going to support you anymore.’ That is the reality.

Mr EDWARDS—Are there any other comments that anyone else would like to make?

Dr Huisken—Basically, to reinforce my colleague’s impression, when you take a scholarly interest in the six-party talks, certainly one of the decisive phenomena is that there has been a sea change in South Korean public attitudes. It is almost in an inverse proportion. There is now a plurality in South Korea—one that appears to be growing, because it is associated with generational change—that feel they need to reach out to their brothers in the north. Reciprocally, the symbolism of the old fear and the antagonistic relationship, which is due to the alliance with the United States and having US forces present in South Korea, has plummeted deeply. Most

people seem to believe that the US-ROK alliance has diminished quite significantly in recent years and nobody sees an end in sight to that. That is certainly a factor in the negotiations. There is so much scar tissue on the peninsula on this issue. If you ever go to Panmunjong, for example, and see the rituals that they go through, it is just mind-bogglingly wearying.

For something like the transformation in South Korean attitudes to happen, somebody had to break the ice and something had to change. I am sure the Americans do not think that it is particularly helpful, because North Korea has certainly played on these public sentiments in the South and turned on and off their bilateral talks with the South, depending on how forthcoming the South was on issues of importance to the north, including the six-party talks. It is certainly a fresh ingredient that all parties have to take into account, most particularly the United States.

Dr Van Ness—I will follow that with a brief comment and bring it back to Australia's stake in what is happening. Indeed there are great changes going on in both the North and South and in the relationship between the two. Australia has a very big stake in the outcome. To take the six-party talks, if they fail and if North Korea becomes a nuclear weapons power, as Ron has pointed out the likelihood of a domino effect is very great in North-East Asia. It would increase the pressure for Japan, probably South Korea and maybe even Taiwan to formally become a nuclear weapons power, which would tremendously complicate things strategically.

However, if they were successful—especially the Chinese but also the Russians and others; the South Koreans are talking about it—if a certain package could be made credible, especially the security guarantees to the North, and the North agreed to give up its nuclear weapons programs and accept verification, the Chinese are proposing that the six-party arrangement would be a good foundation to build multilateral security institutions for cooperation and stability in that region. If that were to happen, the implications for the entire area of East Asia and the Asia-Pacific would be very substantial. For example, Australia has now apparently been invited to the East Asian summit, which is a major step in the direction of building an East Asian community, of which we want to become a part. A successful arrangement in North-East Asia on the six-party formula would be very much supportive of this East Asian community idea. They are very similar concepts and ideas, especially about security—they are involved in both. This for Australia and the entire region would be of huge benefit. It is something that Australia should encourage and that would be very beneficial for Australia.

Senator EGGLESTON—I have two points. One has largely been covered by what Dr Van Ness has just said. As we read through your paper, Dr Van Ness, we find that China has been described as a responsible power, looking to achieve a solution to the problem of North Korea. If we now have China as a responsible power, what kind of precedence does that set for future relationships within the region, China's role and the relationship of the countries in East Asia and this part of the world with China, in managing other problems, which in future might include Taiwan?

My other point is to pick up on Dr Kim's comments about cultural ties and Senator Ferguson's view that our ties with Korea are largely based on trade and it is difficult to expect them to expand. Australia is going through a process of engagement with this region and it is probably in our interest to build up ties with countries like Korea, which have not been within our orbit. Even if they begin with small steps, in the long run they will produce great benefits. Do you want to add to what you just said, Dr Van Ness?

Dr Van Ness—Let me begin by answering the first part. I do not know whether I submitted a paper that I have done recently called ‘China’s Response to the Bush Doctrine’. I would be happy to provide it if I have not already. Essentially, in my view, the Chinese have responded very interestingly to the Bush doctrine. Instead of opposing it directly or instead of, as realist analysts would say, trying to balance the United States, they have come up with an alternative to the Bush doctrine. It is very much a focus on multilateral institution building, which is brand-new for China because never in dynastic times nor in communist times has China operated that way—they have always operated bilaterally—and a focus on supporting ASEAN kinds of ideas, like the ASEAN Plus Three East Asian community and so forth.

Some people would say, ‘This is just tactical. This is not strategic. We can’t really count on them to do that. We do not know how that is going to work out.’ Your mention of Taiwan, I think, is very important here because, in these designs on the Chinese side, Taiwan is left out. They do not talk about Taiwan. Taiwan does not fit in. That could be a very big issue. But, in my view, we should take the Chinese up on what they are doing because I think it is very positive for the region, for Australia and even for the United States. It is an important initiative.

Hu Jin Tao is going to the US next week. He has just put out a statement on what he is looking for and so forth and what he wants to talk about. This whole idea of peaceful development—they used to call it peaceful rise—is very much a part of that. It is positive, in my view, and something that we should be supportive of.

Mr WILKIE—This is totally out of left field but it comes down to China’s responsible attitude in the region and world affairs. If that is true, how do you read the fact that China has been so supportive of Robert Mugabe in Zimbabwe?

Dr Van Ness—China has been supportive of Mugabe in Zimbabwe and supportive of the dictator in Uzbekistan who apparently slaughtered several hundred people when the opposition rose against him. Ron just mentioned Myanmar; they have good relations with Myanmar. They do it for clear geopolitical reasons. They are scanning the world for the resources they need for an economy that is growing at nine per cent a year. Politics and who is in power are very much secondary in their choices of the people to deal with. The United States of America is doing something similar. They are kind of competing for the ear of the Uzbek tyrant, so this is not something that is unique to China. China is as prepared to engage in hardball Realpolitik as anybody.

Dr Ayson—Just on that, there is a debate about obviously how responsible China will be in the long term but I think pretty much everybody would agree that it is clearly in China’s interests at the moment to be seen very much as a responsible power. I think that carries through into your comments about other issues as well.

ACTING CHAIR—Thank you very much. We also had a debate today about soccer as a tool of engagement. I was going to pursue that but sadly we have run out of time. I thank you all for contributing to a very interesting discussion this afternoon and for your attendance here today. If there are any matters on which we do need to follow up, the secretary will be in touch with you. That concludes today’s consideration. I would like to thank the Hansard staff, our witnesses and the secretariat for all of their assistance at the hearing today.

Resolved (on motion by **Senator Ferguson**):

That this subcommittee authorises publication of the transcript of the evidence given before it at public hearing this day.

Subcommittee adjourned at 3.04 pm