
The Parliament of the Commonwealth of Australia

Report of the Parliamentary Delegation to the Gulf States

**A visit as part of the Trade Sub-Committee inquiry in Australia's
trade and investment relations with the Gulf States**

House of Representatives
Joint Standing Committee on Foreign Affairs, Defence and Trade

June 2004
Canberra

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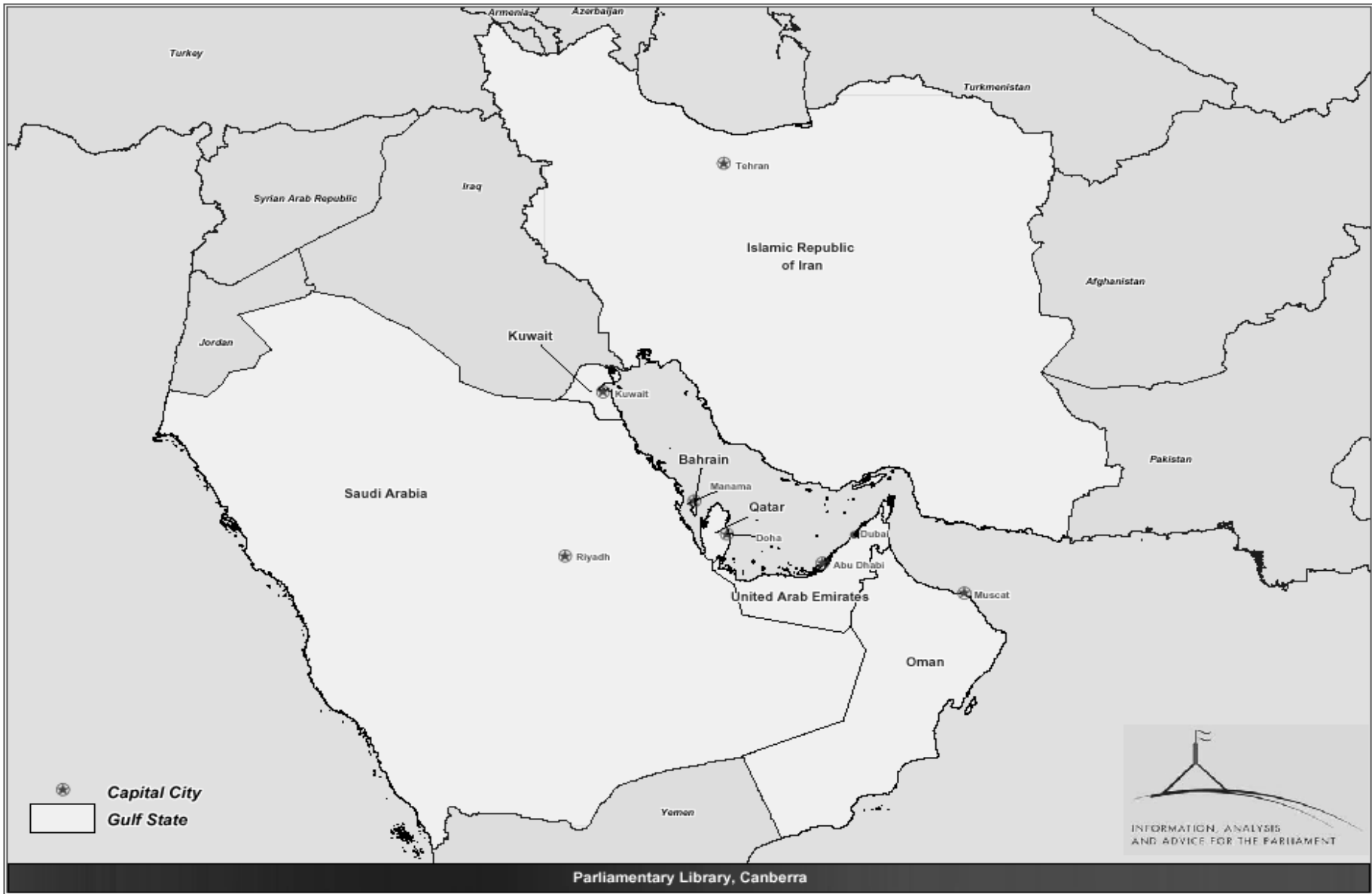
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Foreword

The delegation's abiding impression from the visit was that the Gulf is a region on the 'fast track' to growth and development.

Several events in recent years drew the parliament's attention to the region. Though traditionally a strong primary produce export destination, Australia's exports of elaborately transformed manufactures to the Gulf, including cars, grew dramatically in the 1990s.

This shift created renewed interest in the region. The Trade Sub-Committee of the Joint Standing Committee on Foreign Affairs Defence and Trade decided to inquire into Australia's trade and investment relations with the Gulf States in late 2003, prompting this visit in April 2004.

The region's unique position within the world economy as global oil supplier in combination with the demographics of the region, have placed the Gulf States in a unique position. The committee believes oil wealth and young populations are the 'twin drivers' of Gulf States development.

To accommodate these large young majorities, Gulf governments have committed to rapid economic development in the hope that it will provide jobs for the young and therefore stability and prosperity in the long term.

Unlike many other developing countries however, the Gulf States also have the financial means to fully fund such rapid development.

The delegation gained several impressions of the region during the visit. One key impression was the rare 'window of opportunity' currently open to Australia. The region has traditionally relied heavily on imports from the US, UK and Europe. For numerous reasons, the Gulf States have decided to diversify the sources of their imports and broaden their economic bases. This has created a window of opportunity for Australia, which is likely to remain open only for the next few years.

The region is also 'getting closer'. Emirates, Qatar Airways and Gulf Air have in place or have planned direct flights from Australian destinations to the region. Sydney is now only 13 hours flight away from Dubai and Perth is only 10 ½ hours away. This has opened up opportunities in fresh produce exports and will undoubtedly open up more in agriculture, tourism and a range of other industries.

The committee found several areas or sectors to be particularly promising for Australia. These include building and construction, engineering and consulting, healthcare and pharmaceutical services, education and training, tourism and tourism training, consumables, agriculture (including food and beverages), ICT products and services and financial services.

The United Arab Emirates impresses with its spectacular growth, development, vision and ease of access. Dubai is an ideal entry point into the region since it has successfully developed itself as the regional services hub, modelled on Singapore. Iran has the potential to be a major market, if it manages its economic reform process well. Although less resource rich and requiring long term commitment by exporters and investors, the committee feels that Iran in time will offer significant opportunities. Saudi Arabia is the biggest economy in the region and therefore provides a range of ready opportunities in the sectors discussed in this report. Kuwait and Qatar are smaller resource rich countries with similar growing development and consumer needs.

The committee believes there is no time like the present to be pursuing export and investment opportunities in the region. The window of opportunity is open and Australia is well placed to build on its successes in the region and make the most of new opportunities.

The committee would like to extend warm thanks to all the officials of the Australian government that assisted the delegation with the visit. The committee would also like to acknowledge and thank the officials and business people in the countries visited for their hospitality and input. It proved very valuable. Lastly, the committee would like to acknowledge the work of the Parliamentary Relations Office and the secretariat for their assistance with the visit and their contribution to this report.

**The Hon Bruce Baird MP
Chair**

Trade Sub-Committee



Membership of the delegation

Leader	The Hon B Baird, MP
Deputy Leader	Hon D F Jull, MP
Members	Mr D P M Hawker, MP Hon G D Prosser, MP Hon B C Scott, MP
Secretary	Mr Pierre Huetter



Inquiry terms of reference

Examine and report on expanding Australia's trade and investment relationship with the economies of the Gulf States (Bahrain, Iran, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), with particular reference to:

- The nature of Australia's existing trade and investment relationships with the region;
- Likely future trends in these relationships; and
- The role of Government, particularly DFAT, Austrade and EFIC, in identifying and assisting Australian companies to maximise opportunities in the Gulf States as they emerge.

Referred by the Minister for Trade on 14 August 2003.



List of recommendations

Recommendation 1

The committee recommends that the government expedite an investment protection agreement between Australia and Iran

Recommendation 2

The committee recommends the Australian government jointly host a symposium to investigate areas of potential technical cooperation between Australia and Iran. The symposium should include the following three components:

- Mining
- Agriculture and agricultural training (including dry-land farming, forestry and vocational agricultural training)
- Post harvest technology

Recommendation 3

The committee recommends that DIMIA consider strengthening its representation across the Gulf region. This should ensure faster processing of visas for key economies in the region in light of the growing opportunities in the Gulf States.

Recommendation 4

The committee strongly supports the government's plans to develop a strategy for the export of defence related hardware and services to the region. The committee recommends the strategy consider:

- What specific opportunities exist for the export of defence related hardware and services
- How the relevant agencies should cooperate, in terms of resourcing and personnel posted to the region, to optimise defence related exports to the region

- The long term export opportunities which would flow from Gulf nationals undertaking military training in Australia

Recommendation 5

The committee recommends that the government give high priority to developing a program of high level visits to the region over the next 3 years to ensure Australia's profile is substantially raised.

Recommendation 6

The committee recommends the government consider strengthening the resources of the Australian Tourist Commission and Invest Australia in the region, to raise their profile and capitalise on current opportunities.

Recommendation 7

The committee recommends that the government continue to pursue memoranda of understanding with relevant Gulf nations, to avoid potential problems with the live animal trade.



List of abbreviations

ATC	Australian Tourist Commission
Austrade	Australian Trade Commission
DFAT	Department of Foreign Affairs and Trade
GCC	Gulf Cooperation Council
JMC	Joint Ministerial Commission
JSCFADT	Joint Standing Committee on Foreign Affairs Defence and Trade
UAE	United Arab Emirates
VET	Vocational education and training

