

Tabled 19.9.02

Government Response

to

‘Australia’s Relations With the Middle East’

The Report of the Inquiry into Australia’s Relations with
the Middle East

by

The Foreign Affairs Sub-Committee of the Joint Standing
Committee on Foreign Affairs, Defence and Trade

May 2002

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Australia's Relations with the Middle East

GOVERNMENT RESPONSE

The Government thanks the Joint Standing Committee on Foreign Affairs, Defence and Trade for the comprehensive review of the relationship between Australia and the Middle East region. The report is a welcome and timely follow-up to the last report on the 'Gulf and Australia' in 1982.

The report makes thirty eight recommendations regarding political, strategic, economic and social issues. The Government's response to these recommendations is provided below. Additional observations in relation to education and visa requirements for overseas students are at Annex A.

List of Recommendations

SECTION ONE- Political and Strategic Issues

Australia's Contribution to the Middle East Peace Process

Recommendation 1

The Committee recommends that the Australian Government:

- make comprehensive policy statements at much more frequent intervals in the UN General Assembly and the Western European and Other States Group, on developments in the Middle East;
- use those occasions to demonstrate Australia's contribution to international efforts for a just and lasting peace; and
- report to the Parliament each time statements on the Middle East are made in international forums.

An important element of the Government's engagement in the Middle East is to take opportunities to make statements on developments which support the peace process or to condemn actions that obstruct the peace process. The Government makes a comprehensive policy statement on the Middle East during the plenary session of the UN General Assembly and where necessary makes explanations of vote on specific resolutions. The Western Europe and Others Group (WEOG) is not an appropriate forum for making policy statements, but we consult closely with like-minded member states in promoting a positive and constructive approach to Middle East issues in the UN.

The Government includes in its policy statements confirmation of Australia's commitment to supporting a just and lasting peace in the Middle East and regularly draws attention to Australia's efforts to this end.

The range and breadth of international forums whose work touches on the Middle East makes it impractical to table every statement on the Middle East made by the Government. The Government makes statements in Parliament in response to significant developments in the Middle East. Australian statements made at the UN are given wide distribution, and are published on the website of our Mission to the UN in New York, which is linked to the DFAT home page.

Recommendation 2

The Committee recommends that the Australian Government give further consideration to re-opening the Australian Embassy in Damascus which was closed in August 1999.

The Government's decision to close the Embassy in Damascus was prompted by an examination of our network of overseas posts as part of a continuing scrutiny of the allocation of resources within DFAT. The decision was a result of financial and other factors in times of limited financial resources. We are still in a climate of financial resource constraints and there is no prospect of our re-opening in Damascus in the near future.

Nevertheless, we continue to keep all of Australia's overseas representation under review in order to make the best use of resources in Australia's national interests.

Recommendation 3

The Committee recommends that:

- in addition to the official Australian parliamentary delegations to the various nations of the Middle East, the Australian Government give consideration to including the region in overseas visits by senior political leaders, in order to give a regular focus for expressing Australia's views on the Middle East conflict; and
- at the conclusion of such high-profile visits by political leaders, a comprehensive statement be made in the Parliament.

The Prime Minister visited Israel in 2000, and Mr Downer and Mr Vaile visited the region in 2000 and 2001. Senior political leaders to visit the region during 2000-01 included Senator Alston, Mr Ruddock, Mr Brereton, Mr McMullan and Mr Tanner.

A comprehensive statement in the Parliament after such visits may be appropriate depending on the scope of the visit and developments in the region at the time. The Prime Minister delivered a major speech on the Middle East at the United Israel Appeal dinner in Melbourne on 22 November 2000. Mr Downer has issued media releases in response to developments in the Israeli-Palestinian conflict as well as responding to questions on notice in the Parliament. While parliamentary delegations make statements in parliament on their return from visits abroad, in recent times political leaders have tended not to do so. The reason is that a statement

would have to be delivered in both the House of Representatives and the Senate and it has proved difficult to schedule this in a busy parliamentary program.

Recommendation 4

The Committee recommends that, notwithstanding the setbacks which have been experienced in the peace process since the second half of 2000, the Australian Government support revival of the multilateral working groups in which Australia has particular expertise – the Arms Control/Regional Security Working Group and the Water Resources Working Group.

The Government continues to support the revival of a multilateral Track I dialogue on Middle East security issues. However, against the backdrop of the stalled peace process, the Government has channelled its support into a range of informal Track II activities aimed at maintaining the momentum of dialogue on regional security issues. This included support for a Middle East Arms Control Conference hosted by Monash University in 1999.

The Government also supported a series of Track II workshops on regional security organised by the University of California Los Angeles (UCLA) Burkle Centre for International Relations, the first of which was held in November 1999. The Government contributed to this process by making Australian officials available to participate in Track II workshops and supporting the involvement of Australian academics.

The rationale for the Track II workshops is to establish an informal network of regional security experts and institutions and to promote dialogue while the multilateral Track I process remains in abeyance. It is envisaged that output from the Track II process could feed into the formal Track I process when it resumes. It has been suggested, for example, that recommendations arising from the UCLA workshops could be adopted by a revived Arms Control Regional Security (ACRS) Working Group. However, the ACRS Working Group stalled in 1995 because of a deadlock over weapons of mass destruction (WMD)-related issues, and a resolution to that impasse is not expected in the current political climate.

Against that background, the possibility of the Track II process evolving into a new form of Track I dialogue has been contemplated. The UCLA project has already taken on the character of a “one-and-a-half track” process, with officials attending workshops and conferences in a non-official capacity. At present the UCLA project is the only on-going forum for discussion of regional security in the Middle East. The Government will continue to support the Track II process, with a view to encouraging the eventual revival or evolution of a multilateral Track I dialogue.

The Government also supports the revival of the Water Resources Working Group but sees no benefit in doing so until the peace process is significantly advanced. When this occurs, the Government will examine areas of expertise and assistance to offer the Water Resources Working Group against competing needs within Australia’s region and resources made available to the Water Resources Working Group from other sources.

Recommendation 5

The Committee recommends that:

- the Australian Government review the formal arrangements through which the Palestinian General Delegation currently represents Palestinian interests in Australia, in order to ascertain whether those arrangements sufficiently reflect the maturing relationship between Australia and the Palestinian authorities; and
- preparation be made by the Australian Government for establishing a permanent Palestinian mission with full diplomatic status as soon as significant progress has been made in the 'final status' negotiations between the parties.

Response to Recommendation 5 (a)

The Government recognises the Palestine Liberation Organisation (PLO) as the legitimate representative of the Palestinian people and the General Palestinian Delegation as the representative of the PLO in Australia. The Government regularly reviews the formal arrangements of the General Palestinian Delegation. The Government has recently agreed to include details of the General Palestinian Delegation on the DFAT internet website in order to facilitate its operations.

The Government opened the Australian Representative Office in Ramallah in September 2000 as a substantial contribution to facilitating Australia's dealings with the Palestinian Authority. This decision was taken without prejudice to the outcome of direct negotiations between Israel and the Palestinians on important issues in the peace process.

Response to Recommendation 5 (b)

The deeply distressing violence we have witnessed in the Middle East has undermined the efforts of those working for a negotiated peace. Real progress in preventing violence on the ground and in the relations between the parties will be necessary before the situation could improve to the extent that the Government would need to consider the appropriate level of its relations. However the Government has consistently recognised the legitimate right and aspiration of the Palestinian people to self-determination. As affirmed in Security Council Resolution 1397, the international community welcomes a vision of two states, Israel and Palestine, living peacefully side by side. As part of its support for a just and enduring negotiated settlement, the Government would be open to the establishment of an official mission when the final status negotiations have made the necessary progress.

The Government notes that the Minority Report agrees with the first part of Recommendation 5. The Government also notes its objections to the second part, but considers that Recommendation 5 (b) remains appropriate and consistent with Government policy.

Recommendation 6

The Committee recommends that the Department of Defence review its international engagement priorities in order to ensure that spare capacity in ADF courses, including those provided by commercial training organisations, is available in sufficient

quantity to students from Middle East countries with which Australia has established close defence ties.

Australia seeks to strengthen its bilateral relationship with Middle East countries through provision of quality military courses and training, particularly at the Australian Defence College (ADC). Other Service-specific training opportunities are being actively explored. These military exchanges will facilitate increased access and influence with future military leaders in a number of Middle East states. Military training and educational linkages will be an important element of Australia's representation in, and engagement with the broader region.

This recommendation is already in place, with students from several Gulf countries attending the ADC in 2001, and further invitations for 2002 attendance at the ADC sent to Kuwait, United Arab Emirates, Oman and Qatar. Efforts are also underway to develop an umbrella Memorandum of Understanding on Defence Education between the ADC and counterpart institutions in Kuwait, Saudi Arabia, Qatar, Bahrain, the United Arab Emirates and Oman.

Recommendation 7

The Committee recommends that Defence representation in the Middle East (including the Persian Gulf region) be reviewed in order to provide a resident source of information and advice relating to regional security issues and Australia's contribution to current and future international peacekeeping and monitoring operations.

The Government is actively considering resident Defence representation in the Persian Gulf region.

Recommendation 8

The Committee recommends that all Australian political and official public statements condemning terrorism and violence in the context of the Middle East conflict continue to be framed in terms which clearly apply to all the parties in conflict.

The Australian Government will continue to ensure that public statements condemning terrorism and violence in the context of the Middle East conflict are appropriately balanced.

Regional Stability and Strategic Issues

Recommendation 9

The Committee recommends that the Australian Government pursue all available avenues to achieve greater universal application of effective verification mechanisms for international arms control and disarmament in relation to the Middle East, as well as our own region.

The Australian Government gives high priority to effective verification mechanisms as a component of its arms control, disarmament and non-proliferation policies towards the Middle East and our own region. The Government is committed to promoting universal adherence to and compliance with:

- *The Chemical Weapons Convention (CWC). Australia remains concerned that Egypt, Iraq, Lebanon, Libya, Syria and Israel (Israel is yet to ratify the Convention) remain outside the CWC and consistently calls on them to join the CWC and submit to its verification regime.*
- *The Biological Weapons Convention (BWC). Egypt, the UAE and Syria have signed but not ratified the BWC. Israel has not signed this instrument.*
- *The Nuclear Non-Proliferation Treaty (NPT). Australia consistently calls on states not party to the NPT (Cuba, India, Israel, and Pakistan) to accede to it. Universal adherence to the NPT is a priority objective of the Australian Government. Australia is also a strong supporter of the International Atomic Energy Agency and is active in efforts to achieve universal application of nuclear safeguards measures, including those developed to address shortcomings in the safeguards system exposed by Iraq's clandestine nuclear weapons program. Australia played a prominent role in negotiation of the Additional Protocol on strengthened safeguards and was the first country to ratify an Additional Protocol.*

The Government continues to call upon Iraq to cooperate fully with UNMOVIC. We regret that, owing to Iraq's refusal to cooperate, UNMOVIC has been unable to undertake verification activities in Iraq consistent with its UN Security Council mandate.

Australia maintains an active program to secure further signatures and ratifications of the The Comprehensive Nuclear Test Ban Treaty (CTBT) from countries in the Middle East and in our region. Australia is also taking a lead role in the International Monitoring System (IMS) being developed to verify the CTBT. Australia will host 20 IMS stations, the third largest number of any country after the United States and Russia. Australia at present has the most certified stations of any CTBT signatory. Australia is also host to the Pacific region communications hub, which is an important link in the Global Communications Infrastructure, servicing 60 of the 321 monitoring stations being established world-wide.

Australia has made, including through the Australian Safeguards and Non-Proliferation Office, a substantial contribution to international discussion of verification requirements that will be needed for a treaty to end the production of fissile material for nuclear weapons. Australia will continue to press for a start to Fissile Material Cut-Off Treaty (FMCT) negotiations, progress on which remains blocked because of disagreements over the Conference on Disarmament work program. The Government will also work to ensure that a FMCT has appropriate and effective verification mechanisms.

The United Nations and the Sanctions Against Iraq

Recommendation 10

The Committee recommends that, under the auspices of the United Nations, the Australian Government urge the international community to accelerate its review of the sanctions regime currently applied to Iraq. Such a review should include seeking

modifications which would target more effectively the Iraqi leadership and would therefore minimise the impact on the civilian population.

The Government welcomes UN Security Council Resolution 1382 of 29 November 2001, which contains proposals to tighten controls on prohibited goods while improving the flow of humanitarian supplies and civilian goods to Iraq.

The Resolution provides, inter alia, that from 30 May 2002, subject to any refinements to a list of sensitive goods known as the Goods Review List (GRL) all exports to Iraq will be approved automatically, unless included on the GRL. Even items on the GRL could be approved, depending on their end use. Under existing arrangements, all exports to Iraq are prohibited unless specifically approved, case by case.

UNSCR 1382 is the result of extensive discussions which began in the first half of 2001, when the UK introduced a draft resolution proposing changes to the administration of sanctions. Australia strongly supported this draft resolution, speaking in the Security Council open debate on 28 June 2001 and also making bilateral representations to Russia to urge its support for the UK's proposed changes. In the event, Russian opposition meant that the UK's draft resolution did not proceed to a vote in July 2001, as the UK originally intended. However, further discussion of the proposed changes in the Security Council led to the adoption of UNSCR 1382, which is essentially a modified version of the UK draft resolution.

Recommendation 11

The Committee recommends that the Australian Government use its participation in multilateral discussions at the United Nations to ensure the international community considers 'qualitative' as well as 'quantitative' compliance measures in any revision or replacement of Security Council Resolution 1284.

Compliance with Security Council Resolutions is, of necessity, generally assessed in both qualitative and quantitative terms, and this applies in respect of Security Council Resolutions concerning Iraq. There is, however, considerable doubt about the Iraqi Government's commitment to compliance with its Security Council Resolution obligations.

The clearest evidence of this lack of commitment was the Iraqi Government's decision on 31 October 1998 to cease cooperation with UNSCOM, which led to the withdrawal of UNSCOM staff from Iraq in December 1998. UNMOVIC, the successor to UNSCOM, has now been in existence for two years, but the Iraqi Government has consistently refused to allow UNMOVIC staff to enter Iraq in order to discharge their responsibilities.

This suggests that the Iraqi Government is not committed to complying with UNSCR 1284 and other relevant resolutions. The Government is of the view that the onus remains on the Iraqi Government to demonstrate its willingness to comply with relevant Security Council resolutions.

Recommendation 12

The Committee recommends that the Australian Government support consideration by the international community of practical mechanisms to give effect to the establishment of a Weapons of Mass Destruction-free zone in the wider Middle East

region, as originally envisaged in Security Council Resolution 687 of 1991 (paragraph 14).

The Australian Government has consistently joined the consensus in the UN General Assembly in support of a resolution calling for establishment of a Nuclear Weapon Free Zone (NWFZ) in the Middle East. Australia was also party to the consensus Final Document adopted at the 2000 NPT Review Conference which included strong support for the early establishment of a Middle East zone free of nuclear weapons and all other WMD and their delivery systems.

Australia's efforts to promote universal membership of and adherence to the CWC, BWC, CTBT and the NPT are consistent with efforts to develop a more comprehensive WMD-free zone in the Middle East. While countries of the Middle East would need to take the initiative in developing any such zone, membership of and adherence to existing WMD treaties would constitute positive steps towards this goal. The verification regimes for multilateral arms control instruments are likely to form essential components of the control system for a Middle East WMD-free zone.

Australia actively supports the development of an International Code of Conduct (ICOC) against the proliferation of ballistic missiles. Such missiles serve as delivery vehicles for WMD. We have urged Middle East countries to participate in the development of the Code and to sign up to it when it is formally launched. Broad international support for the Code would encourage increased transparency and information exchange and would represent a positive step towards reducing the destabilising effects of the threat of the proliferation of ballistic missiles both within the Middle East and globally. It would thereby contribute to a climate where a WMD-free zone could be agreed.

The Australian Government would support the consideration of practical mechanisms to give effect to the establishment of a WMD-free zone in the Middle East if these were consistent with Australian support for existing treaties and were capable of attracting the support of all relevant countries.

SECTION TWO – Economic and Social Issues

Australia's Trade Relationship with the Region

Recommendation 13

The Committee recommends that the Department of Foreign Affairs and Trade examine the methodology developed by the Australian Chamber of Commerce and Industry for analysing trade relationships, with a view to incorporating it in all future departmental reviews and briefs.

The methodology to determine Australia's export market shares was developed by DFAT in 1995 and used by the Australian Chamber of Commerce and Industry (ACCI) in their submission to the inquiry. The methodology has been and will continue to be developed by DFAT and the Australia Arab Chamber of Commerce and Industry (AACCI) and will be used in future departmental reviews and briefs.

Recommendation 14

The Committee recommends that the Department of Foreign Affairs and Trade discuss the use of the category 'Confidential Items' for both exports and imports with the Australian Bureau of Statistics, to produce more meaningful trade statistics.

Under provisions of the Census and Statistics Act 1905, the Australian Bureau of Statistics (ABS) is required to protect confidentiality of information provided to it. The release of international merchandise trade statistics is covered by the Statistics Determination made under clause 2 (2) (b) of the Act.

This clause permits disclosure of detailed international trade information in the form of statistics, unless an individual or organisation has shown that such disclosure could identify that particular person or organisation. If an organisation requests a confidentiality assessment and it is determined that their data would otherwise be identifiable, the ABS is obliged under legislation to apply a form of confidentiality restriction that protects the activities of the organisation concerned. Within that constraint, the ABS endeavours to release maximum information to the public. The ABS maintains on its website an updated Confidential Commodities Listing of all restrictions applied within the last 12 months.

Total import and export figures for most Middle East countries are unaffected by confidentiality restrictions, with the exception of Egypt and Bahrain, for which exports of alumina are excluded from the totals. It is the country by commodity detail of trade that is more seriously affected by the confidentiality restrictions applied.

Current practice is consistent with ABS legislative obligations and provides appropriate safeguards to ensure that information which a business considers to be of a sensitive commercial nature is protected. In this regard, the confidentiality restrictions applicable to international trade statistics are less restrictive than those applied to most other ABS statistics. The ABS relies heavily on the cooperation of businesses in its data collection activities. Protection of confidential trade data is critical to the relationship of the ABS with the business community.

Recommendation 15

The Committee recommends the Department of Foreign Affairs and Trade establish a Business Advisory Group on the Middle East, comprising the Department of Foreign Affairs and Trade, Austrade, and relevant Chambers of Commerce, to more effectively coordinate export strategies for the region.

The Government supports the establishment of a Middle East Business Advisory Group (BAG). The precise modus operandi and scope of activities of a BAG will need to be determined by DFAT, Austrade, relevant chambers of commerce and industry in the light of available resources. The Government would like the BAG to consult with the Trade Policy Advisory Council (TPAC), the Minister for Trade's pre-eminent source of advice from the Australian business community on trade issues. The BAG would also be a useful complement to other consultative forums, such as the Market Development Task Force and Austrade's Export Advisory Panels.

A key role for the BAG would be to develop a strategic approach to diversifying Australia's export base in the Middle East as well as to develop defensive marketing

strategies to protect Australian market share in the region, including monitoring commercial activity following the September terrorist attacks.

Recommendation 16

The Committee recommends that:

- the Department of Foreign Affairs and Trade spread the load more evenly between the Australian Embassies in Riyadh and Abu Dhabi; and
- Austrade include Israel in the Middle East/Indian Ocean Region, to enhance coordination within the region, and with the Department of Foreign Affairs and Trade.

Response to Recommendation 16 (a)

DFAT has already taken action to distribute more evenly the workload between its Embassies in Riyadh and Abu Dhabi. In December 2000, Australia's accreditation to Qatar was transferred from Riyadh to Abu Dhabi. This allows the Ambassador in Abu Dhabi to work closely with the Senior Trade Commissioner in Dubai to ensure that Australian companies take advantage of significant commercial opportunities in Qatar.

Response to Recommendation 16 (b)

Austrade is of the view that whilst travel between Israel and Arab countries has improved in recent years, there are still sensitivities which would make it difficult for Austrade to incorporate Israel into the Middle East Indian Ocean region. These include dealing with both Arab and Israeli counterparts in the region where tension still exists even though countries are not officially at war.

In economic and business terms (as opposed to political) Israel has few links with its Middle East neighbours, but strong links with Europe. From an international business perspective, Israel's prime importance to Australia is as a source of investment, innovation and intellectual property as well as a market for sophisticated manufactures and services. This market profile aligns Israel with Europe rather than the Middle East. It means that Israel's interest and potential is of more relevance to Australian businesses involved in Europe than those dealing with the Middle East.

Austrade's particular arrangements for Israel do not in practice impede coordination with DFAT.

Recommendation 17

The Committee recommends that:

- Joint Ministerial Commissions be held more frequently and with more countries;
- The Government negotiate free trade agreements with Israel and with the Gulf Cooperation Council; and
- The Government negotiate double taxation agreements and investment protection agreements with key countries in the Middle East.

Response to Recommendation 17(a)

While Joint Ministerial Commissions (JMCs) can foster bilateral trade and investment relationships, the Government's experience is that they are highly resource intensive and may not always be the most effective forum for achieving particular outcomes. Accordingly, the Government does not support the Committee's recommendation that JMCs be held more frequently with more countries, but favours a more pragmatic case-by-case approach. JMCs are held regularly with Iran and the UAE. Consideration is being given to reinvigorating the Australia-Saudi Arabia JMC.

The Government believes that JMCs should be held where outcomes can reasonably be expected to justify the significant resources they require. They should be held on a regular basis only with those countries that offer significant trade and investment prospects.

The Government believes that JMC agendas should be sharply focused. More frequent meetings of senior officials, with the support of the private sector, could help to bring a sharper focus to key issues in important bilateral trade relationships and act as a clearing house for issues which may not need to be brought to Ministers.

Response to Recommendation 17 (b)

The Government pursues an integrated multilateral, regional and bilateral approach to trade policy. It is open to concluding free trade agreements if they would deliver substantial gains to Australia that could not be achieved in a similar time frame elsewhere. The Government's number one trade priority is a new round of multilateral trade negotiations. It believes, however, that free trade agreements that are comprehensive in scope and coverage can complement and provide momentum to our multilateral objectives.

The Government's initial assessment, made some time ago, of a free trade agreement with Israel was that the proposal was unlikely to meet the criteria set by the Government for such agreements. The Government would be prepared to consider free trade agreements with countries of the Gulf Cooperation Council (GCC) if it were possible to reconcile trade policies and legislative requirements with the respective countries. The AACCI agrees it would not be possible currently to conclude a free trade agreement with the GCC as a whole.

Response to Recommendation 17(c)

The Government supports Investment Protection and Promotion agreements (IPPAs) with our major regional partners where significant benefits can be identified. Senator Alston signed an IPPA with Egypt on 3 May 2001. Mr Vaile announced on 21 August 2001 that the text for an Australia-UAE IPPA had been agreed. We expect to commence negotiations on an IPPA with Saudi Arabia shortly.

The Committee's recommendation in respect of double taxation agreements (DTAs) is noted. The Treasurer, in response to the recommendations of the Ralph Review of Business Taxation, announced in November 1999 that priority would be given to renegotiating Australia's ageing DTAs with major trading partners and that the Government would review its tax treaty policy to ensure that Australian DTAs reflect an appropriate balance of source and residence based taxing rights.

Future negotiations on the Government's program have been deferred pending renegotiation of treaties with major trading partners. Given the deferral, the Government is reluctant to add new countries to the program at this stage. This does not preclude doing so in the future, subject to the availability of resources and competing priorities. However, we would need to consider the benefits to Australia in concluding a DTA with any particular country. We would need, for example, to consider whether the other country's tax system and treaty practices accord with international norms.

Two Middle East countries are already on the negotiations program and some progress has been made in negotiations with one of those countries.

Recommendation 18

The Committee recommends that:

- Research and Development Funds be established to foster cooperation, particularly in information technology and agriculture, between Australia and Israel; and
- Opportunities to develop closer research and development links in agriculture with other countries in the Middle East be actively pursued.

Response to Recommendation 18(a)

The Government is currently considering a proposal to conduct an Israeli - Australian research study to assess the potential for industrial R&D cooperation.

Initial discussions between Israel's Ministry of Industry and Trade and the then Department of Industry, Science and Resources focused on the establishment of a joint fund for industrial R&D cooperation. However, since then, the Ministry's Chief Scientist has decided to review the operation of Israel's existing and future joint R&D funds before establishing any further joint funds. The Australian Government agrees with this approach, and the Department of Education Science and Training (DEST) and the Chief Scientist of Israel's Ministry of Industry and Trade are currently considering the feasibility of conducting an Israeli - Australian Research Study of Industrial R&D Cooperation. The study would be a precursor to any decision to enter into an agreement regarding establishing a joint fund for industrial R&D cooperation.

AACCI supports the concept of R&D Funds, but more importantly the promotion of Australian skills in IT and agriculture within the Middle East. AACCI believes this should fall within the ambit of the BAG.

Response to Recommendation 18(b)

The Government has agricultural cooperation agreements with a number of countries which foster greater cooperation on agricultural research and development. These agreements and the opportunities for agreements with other countries are reviewed periodically. In July 2001, key industries were consulted about the possibility of developing an agricultural cooperation agreement with Israel. There was limited interest in pursuing it at the time. The Government will continue to monitor

opportunities for closer cooperation on agricultural research and development with Israel and other Middle East countries.

Recommendation 19

The Committee recommends that the Department of Foreign Affairs and Trade, in conjunction with relevant agencies such as the Australian Quarantine and Inspection Service, be proactive in assisting the Gulf Cooperation Council establish common food standards, including quarantine. DFAT should then encourage the adoption of those standards by other countries in the Middle East.

In conjunction with AFFA and AQIS, DFAT has long worked with GCC countries to encourage them to recognise that Australia's food standards' regulatory regime gives them assurance that Australia's food exports are safe for consumption and of high quality.

Australia participated in a symposium on genetically modified foods in Riyadh in October 2001 to explain our regulatory and inspection regime for genetically modified foods. The Government continues to consult Saudi authorities about their new regulatory and inspection regime for genetically modified foods which was introduced on 29 November 2001.

The Government recognises that, due to significant differences in the rationale and administration of food regimes among them, the GCC countries may take some time to develop a common food standards regime. In the meantime, the Government will continue to encourage the adoption of common food standards in the GCC and throughout the Middle East and agrees to the AACCI proposal that the matter be placed on the agenda of the proposed BAG.

Recommendation 20

The Committee recommends that the Australian Government direct the Department of Foreign Affairs and Trade to formally raise with the representatives in Canberra of the UAE, Iran and Egypt (embassies) the level of charges for legalisation of commercial documents.

The Government agrees with the Committee's view that the cost of legalising commercial documents for some Middle East countries is excessive and can act as an unintentional non-tariff barrier. DFAT will continue to make representations to have such costs reduced.

Recommendation 21

The Committee recommends that DFAT and Austrade develop a joint strategy to utilize fully the power of the Internet to:

- promote Australia and Australian products and services in the Middle East, and
- publicise export opportunities identified by Austrade staff

DFAT and Austrade currently promote each other's services online, and work together to provide a seamless service to exporters and investors. At present, each

organisation's website has links to the other's website, and each organisation markets the other's, including their online services.

Work is in progress to improve Austrade's website to promote business opportunities in the Middle East to Australian clients and to make the site more informative and user-friendly for international customers. The site's services will include, with extensive links to DFAT and other agencies:

- *improved trade-related content on the Middle East;*
- *enhanced sections on business culture when visiting the region;*
- *an enhanced database of Australian exporters called Australian Suppliers Register (previously known as Australia on Display);*
- *improved information on events related to the Middle East, including missions, trade fairs, and seminars;*
- *improved information on inward and outward investment to and from Australia and the Middle East; and*
- *regular updates, news items and 'date stamps' to indicate the currency of information on the site.*

Austrade markets export opportunities to Australian companies through its Export Advisory Marketing Unit, and through seminars and visits to Australia by its overseas-based marketing staff.

Recommendation 22

The Committee recommends that the proposed Business Advisory Group establish mechanisms to enhance the coordination of trade missions, particularly to the Persian Gulf region of the Middle East.

The Government recognises the importance of coordinating trade missions to promote Australia to the Middle East. The proposed BAG could encourage State and Federal agencies to coordinate more closely their trade and investment mission strategies to ensure maximum benefit. Greater coordination of Federal and State trade missions to the region would enhance Australia's standing in the region and complement coordination work undertaken by the National Trade Consultations process.

Austrade supports the recommendation as enhanced coordination of trade missions allows for a greater leveraging of Australia's resources and expertise and ensures a more cost effective and efficient service delivery for business.

The recommendation is also consistent with the Federal Government's 1997 Investing for Growth policy statement, which assigned Austrade "a key role in coordinating and advising on the development of export programmes across the Commonwealth" and the lead role in coordination of export promotion activities of Commonwealth agencies. The 1999 ANAO Report, Coordination of Export Development and

Promotion Activities Across Commonwealth Agencies, further underlined Austrade's responsibilities in this area.

Recommendation 23

The Committee recommends that Austrade develop proactive strategies to promote the Middle East region to Australian exporters- incorporating seminars and workshops, webcasting, the Internet, export opportunities, and regular visits by marketing staff and overseas buyers.

Austrade is executing a proactive program to promote the Middle East region to Australian exporters. For example:

- *seminars promoting business opportunities in the Middle East Indian Ocean Region were held in Perth, Brisbane and Canberra in July 2001, presented by the Executive General Manager and several Senior Trade Commissioners. 230 people attended the seminars. They will be held again in 2002;*
- *during July 2001, Senior Trade Commissioners participated in seminars highlighting business opportunities in the Middle East in Melbourne, Sydney, Brisbane, regional Queensland and regional New South Wales, in conjunction with State Governments and the AACCI. These types of activities are held regularly, as a key component of any Senior Trade Commissioner or Trade Commissioner visit to Australia;*
- *the Executive General Manager and Senior Trade Commissioner Dubai presented at seminars across Australia in December 2001. Eight events were attended by 868 Australian companies and organisations;*
- *briefings to promote business opportunities in the oil, gas and petrochemical sectors in the Gulf region will be held across Australia in March 2002. The events will include Austrade oil & gas specialists from the region and representatives of major companies from the region;*
- *a regional strategy for the agribusiness sector is being developed and will include market opportunity promotional activities in Australia during 2002;*
- *the Executive General Manager delivered a presentation on doing business in the Middle East Indian Ocean Region to the TradeStart network using webcasting technology on 29 November 2001. More of these types of broadcasts are planned for 2002;*
- *Austrade's Middle East Indian Ocean Region includes targeted visits to Australia by its marketing staff to deliver expert in-market knowledge and advice to Australian companies as well as undertaking business skills training in Australia; and*
- *Austrade's Business Development Manager from Dubai visited Australia in February-March 2001 with a group of buyers from the automotive aftermarket sectors of Saudi Arabia and the United Arab Emirates. The Government recognises the importance of visits by overseas buyers to Australia as*

demonstrated by the inclusion of the expenditure under the Export Market Development Grants scheme administered by Austrade.

Austrade agrees that more information about areas of business opportunity should be included in material on the Austrade website, but disagrees that specific export opportunities should appear on the website. It also disagrees with the Committee's assessment that "...international commerce moves so quickly these days that third parties would have difficulty keeping up, even in the unlikely scenario that the Austrade office was the only agency in that country to identify that particular import opportunity."

Austrade's knowledge of Australian industry capability, combined with an overseas network dedicated to obtaining in-market knowledge and establishing relationships with industry and government, is uniquely placed to identify opportunities for Australian companies. Some of the opportunities stem from personal relationships established with overseas customers and buyers, and in some cases these customers want to be introduced only to Australian companies. The inclusion of opportunities on the Austrade website may affect these relationships and those between Australian companies and overseas buyers.

Austrade places a high emphasis on the qualification of business opportunities and makes a distinction between specifically targeted and public domain tenders. Austrade is committed to ensuring that well-defined opportunities are directed to the most appropriate Australian companies. In some cases, opportunities arise as a result of capital expansion or diversification by overseas companies, which requires discretion to ensure that their local competitors are not informed. Presenting these opportunities in a public forum could damage relationships between Austrade and these overseas companies which provide these opportunities.

Recommendation 24

The Committee recommends that the Department of Foreign Affairs and Trade arrange a minimum of two visitors per annum from the Middle East under both the Special Visits Program and the International Media Visits program, as part of a comprehensive public affairs strategy for the region.

Scheduled visitors in 2002 under the Special Visits Program (SVP) include Dr Mustafa Barghouthi (Director Health, Development, Information and Policy Institute) from Ramallah, Dr Jamileh Kadivar (MP) from Tehran and Dr Mahmoud Mohieldin (Adviser to Minister of Foreign Trade) from Cairo. Dr Barghouthi's visit was originally planned for December 2001, but due to events in the region, it had to be postponed.

The volatility of the Middle East region is such that despite DFAT's best efforts to plan and ensure an appropriate number of visitors to Australia from the region, visits are very often postponed. During 2001 two editors from Egypt and Israel were invited by DFAT under the International Media Visitor (IMV) program. Both had to postpone their visits. We expect they will visit during 2002. DFAT ensures that media visits fit strategically with the Government's objectives in the Middle East. The IMV program is used as part of a broader comprehensive public affairs strategy for the region. Editors who visit Australia from the Middle East become important long-

term contacts for our posts. As resources permit, we will continue to invite senior editors from the Middle East to Australia under the program.

Recommendation 25

The Committee recommends that Austrade introduce an award scheme to recognise the vital contribution made to Australia's export success by outstanding overseas importers.

This already exists in the form of the Australian Export Awards' International Exporter of the Year Award, which was inaugurated in 1999. The Award recognises an outstanding contribution to Australia's international business performance by an overseas organisation or individual. This year's nominees included a business leader from Egypt.

Recommendation 26:

The Committee recommends that the Australian Tourist Commission add an Arabic version to the australia.com website.

The ATC recognises the growing role of its consumer internet site in marketing Australia internationally and the importance of providing content in languages other than English. The content is now delivered in nine languages: English, French, German, Italian, Spanish, Portuguese, Japanese, Traditional Chinese and Simplified Chinese.

Other languages, including Arabic, will be considered in future developments to the site, based on an assessment of tourist volumes, the degree of internet penetration in the market, the preferred language of the market segments and the potential for market growth.

Recommendation 27

The Committee recommends that the Department of Immigration and Multicultural Affairs review some of the new visa regulations for overseas students, particularly as they pertain to the Middle East.

DIMIA is monitoring the new student visa regime closely in consultation with the education export industry peak bodies and has already indicated that it will undertake a formal review of the student visa arrangements twelve months after their implementation.

Promotion and Protection of Human Rights in the Middle East

Recommendation 28

As recommended in the Committee's recent majority report on United Nations reform, the Committee urges the Australian Government to ratify as soon as possible the Rome Statute, to establish the International Criminal Court.

The Government made public its support for the establishment of an International Criminal Court in the White Paper on Foreign and Trade Policy "In the National Interest", in submissions to public inquiries into the United Nations, by the Joint

Standing Committee on Foreign Affairs, Defence and Trade and by the Joint Standing Committee on Treaties into the Statute itself.

Australia was actively involved throughout the long negotiation process to create an International Criminal Court which culminated in the adoption of the Statute of the Court at a diplomatic conference in 1998. Australia signed the Statute on 9 December 1998 and announced its intention to ratify the Statute on 12 December 1999. The Statute is before the Parliamentary Joint Standing Committee on Treaties. That Committee recommended further examination of the implications of Australia ratifying the Statute. An Exposure Draft of the legislation to enable Australian ratification was publicly released in September 2001. Since the Statute was adopted, Australia has been active in encouraging its signature and ratification among other states. Primarily, this has been through chairing the "Like-Minded Group" of 67 states committed to the establishment of the International Criminal Court.

Recommendation 29

The Committee recommends that the Australian Government pursue bilateral discussions with governments in the Middle East, with a view to establishing formal dialogue mechanisms on human rights matters similar to the arrangements which have been discussed with Iran.

The Government makes regular representations to countries in the Middle East on human rights issues of concern to us. At present, however, the Government does not have the resources to expand its existing program of bilateral human rights dialogues.

Recommendation 30

The Committee recommends that the Australian Government increase its commitment to the development of national human rights organisations in the Middle East by providing technical and other assistance to multilateral programs such as the UN Human Rights Strengthening project (HURIST), and by promoting such initiatives in bilateral dialogue with countries of the region.

The Australian Government's aid program funds a number of bilateral and multilateral human rights initiatives in the Middle East that focus on the development of national human rights organisations.

In 2001-2002, the Human Rights Small Grants Scheme, which is administered by DFAT, will fund organisations in Israel, the Palestinian Territories, Lebanon and Iran to develop domestic capacities to respect, promote and protect human rights.

The aid program provides an annual contribution of \$200,000 to the Office of the High Commissioner for Human Rights to fund projects aimed directly at strengthening national human rights institutions in the Asia-Pacific region. It also provides an annual grant of \$500,000 to the Asia-Pacific Forum of National Human Rights Institutions, which has been assisting human rights organisations in the Middle East.

The bilateral Middle East Capacity Building NGO Program and the locally managed Australian Community Assistance Scheme focus on capacity building within local

Palestinian NGOs (including Palestinian refugees in Lebanon) and all eligible activities must encourage good governance and respect for human rights.

Further funding for human rights initiatives in the Middle East will be determined in the context of overall aid budget priorities.

Recommendation 31

The Committee recommends that the Australian Government enhance the priority given to human rights concerns in formulating foreign policy with Middle East states, including active pursuit of ratification of the international human rights treaties and the relevant optional protocols - especially the two Optional Protocols to the International Covenant on Civil and Political Rights. The first Optional Protocol entitles individuals to make complaints to the monitoring committee concerning violations of their civil and political rights. The second Optional Protocol is aimed at the abolition of the death penalty.

Australia is a party to the main human rights conventions (including the International Covenant on Civil and Political Rights and its two Optional Protocols) and the Government encourages other countries to become party to these conventions. While at present DFAT does not have the resources to engage in a formal dialogue on human rights issues with countries in the Middle East, representations encouraging countries to adhere to relevant human rights conventions are made when opportunities arise.

Social and Cultural Links Between Australia and the Middle East

Recommendation 32

The Committee recommends that the Government establish an Australian Arabic Foundation within the Foreign Affairs and Trade portfolio.

The Government believes there is value in broadening and promoting Australia's relations with the countries of the Arab world in the Middle East and North Africa. As noted in the Report of the Committee, there is already one regional body in DFAT: the Council on Australia Latin America Relations (COALAR) which was established in 2001. In light of experience gained from the operation of COALAR, the Government will examine the feasibility of establishing an Australia-Arabic Foundation within the Foreign Affairs and Trade portfolio. This examination will include consideration of the financial and resource requirements to establish a body capable of achieving the aim of encouraging and supporting increased levels of understanding and cooperation between Australians and Arabs. DEST is willing to assist DFAT with information about student exchanges, if the Foundation is established.

Recommendation 33

The Committee recommends that the National Library of Australia establish formal links with the new Alexandria Library in Egypt, to the mutual benefit of both organisations.

The NLA's main link in Egypt is the National Library of Egypt. All national libraries belong to the Conference of Directors of National Libraries (CDNL) which meets annually. The NLA is willing to establish a link with the Alexandria Library in Egypt through its gift and exchange program. This will entitle the Alexandria Library to receive gratis copies of certain library publications, such as the NLA annual report and news magazine, which contain articles on Australian literature and history and Gateways magazine which outlines the NLA's activities and latest projects.

Australia's response to Asylum-Seekers from the Middle East

Recommendation 34

The Committee recommends that the Australian Government increase its efforts, in conjunction with other members of the international community, to focus world attention on measures to reduce the huge burden placed on countries of first asylum, which are supporting large numbers of asylum-seekers from the Middle East.

The Government has been seeking for some time to highlight the burden placed on countries of first asylum, many of which are facing their own development challenges. Disproportionate flows of asylum seekers into these countries can cause deterioration of conditions for citizens and asylum seekers alike. This may cause new outflows, both of citizens and of those who had entered to seek asylum. The resultant financial and humanitarian burdens are properly the concern of the global community, not just of the country of first asylum.

There is significant potential to improve the capacity of the international protection system to provide greater support to countries of first asylum, as demonstrated by the imbalance between expenditure on domestic asylum systems in destination countries and the resources provided to refugees. It is conservatively estimated that destination countries spend around US\$10 billion per annum to deal with claims made by around 500,000 asylum seekers. By comparison, UNHCR operates with a budget of less than US\$1 billion per annum for nearly 22 million refugees and people of concern worldwide.

Accordingly, Australia has sought, through bilateral discussions and involvement in UNHCR's Executive Committee, to promote an agenda of reform that will strengthen the international protection system and UNHCR's ability within that system to:

- *plan for the creation and funding of durable solutions to resolve long-standing refugee problems, the most important step towards reducing the burden on countries of first asylum;*
- *ensure that the protection system delivers equitable outcomes for refugees including through support for effective temporary protection in countries of first asylum; and*
- *build the capacity of countries of first asylum to enable them to fulfil their essential role without placing undue strain on the services delivered to their own nationals.*

As Australia's financial and diplomatic influence is necessarily limited, we have sought to highlight with donor nations, at both the bilateral and multilateral level, the need to provide substantial and on-going support to countries of first asylum.

Australia, during its recent chairmanship of the Inter-Governmental Consultations on Asylum, Refugee and Migration Policies in Europe, North America and Australia (IGC), sought to highlight the need to provide support to countries of first asylum in the context of developing comprehensive, integrated solutions to the situations facing refugees and displaced persons.

The joint Asia-Pacific Consultations-IGC meeting in Bangkok early in 2001 provided an important opportunity for countries from different regions to discuss these issues, with many countries of first asylum able to highlight the problems of dealing with large caseloads of refugees and displaced people.

UNHCR's Global Consultations on International Protection have been designed to provide an opportunity for the international community to review its approach to the implementation of the international protection system. These consultations have considered key issues for countries of first asylum, such as the provision of protection and burden sharing in situations of mass influx of asylum-seekers and refugees. Australia has played an active role in the consultation process, seeking to provide substantive input and to encourage all countries, including countries of first asylum, to participate.

More specifically, the Government has actively promoted the development of strategies for specific caseloads that provide practical and relevant support for countries of first asylum. In particular, Australia's co-sponsorship of the recent Forum on Afghan Refugees and Displaced Populations chaired by UNHCR and the UN Office for the Coordination of Humanitarian Affairs (OCHA) provided an important opportunity for the international community to demonstrate its support to the countries bordering Afghanistan. The forum provided the context for an unprecedented response to the UN Donor Alert for Afghanistan, with over US\$700 million committed during the meeting.

Recommendation 35

The Committee recommends that additional resources be directed towards:

- combating the root causes of refugee outflows from countries such as Afghanistan and Iraq, to the extent permitted by the extremely difficult circumstances prevailing in those countries; and
- promoting repatriation solutions from countries of first asylum.

The Government has consistently sought to address the problem of refugee outflows by combating the root causes of the outflows at source including, inter alia, the provision of substantial aid contributions to countries of origin and first asylum.

In the light of the severe humanitarian situation in Afghanistan, recent efforts have been focused in South-West Asia, with Australia allocating nearly \$37 million in

direct assistance since June 2000. This is in addition to our annual core contribution of \$14.3 million to the UNHCR.

- *In June 2000, \$1.5 million was allocated to the UNHCR 2000 Appeal for South-West Asia aimed at increasing the self-reliance of refugees in Iran and Pakistan.*
- *During 2000-01, under a joint AusAID/DIMA program, \$9.5 million was allocated to the following agencies:*
 - *\$3.0 million for the World Food Program's (WFP) drought relief and food activities in Afghanistan;*
 - *\$2.5 million to UNHCR's South-West Asia Appeal to assist countries of first asylum to receive and support asylum seekers from Afghanistan, and to strengthen their registration and refugee status determination programs;*
 - *\$1.7 million to the United Nation's Children Fund (UNICEF) for development, and poverty eradication programs in Afghanistan;*
 - *\$1.5 million to the International Committee of the Red Cross (ICRC) for emergency programs in Afghanistan; and*
 - *\$0.8 million to the International Organisation for Migration (IOM) to assist in stabilising the population in Afghanistan and to develop sustainable return and reintegration procedures.*
- *In June 2001, DIMA provided a further \$2.5 million to the IOM for support to camps for Internally Displaced Persons in Afghanistan.*
- *In 2001-02 Australia has committed an additional \$23.3 million to address the situation of displaced Afghans, including:*
 - *\$5 million for emergency food supplies through WFP;*
 - *\$4 million to UNHCR for protection and humanitarian related work in South-West Asia, particularly focused on registration and refugee status determination;*
 - *\$2 million to ICRC for food, medicines and emergency medical facilities both inside Afghanistan and in neighbouring countries;*
 - *\$1 million distributed equally between Australian Red Cross, Care Australia, Oxfam Community Aid Abroad and UNICEF Australia for humanitarian activities;*
 - *\$0.5 million to OCHA for its coordination function;*

- \$0.5 million to IOM for tents, blankets, cooking utensils and warm clothing for vulnerable children inside Afghanistan and across South-West Asia; and
- \$0.3 million to co-sponsor a UNHCR-OCHA Forum on Afghan Refugees and Displaced Populations in Geneva on 5-6 October 2001.

The remaining \$10 million will be allocated to strategies aiming to stabilise displaced Afghan populations, to support major countries of first asylum and to encourage sustainable repatriation when conditions in Afghanistan permit. The distribution of these funds is to be considered by Ministers at an appropriate time.

Australian Overseas Aid for the Middle East

Recommendation 36

The Committee recommends that the Government make a three-year commitment to allocate a minimum of \$10 million per annum in non-food aid to the Middle East, as well as continue to support the World Food Program in the region.

In 2000-2001, total food and non-food aid to the Palestinian Territories (including Palestinian refugees in surrounding countries) was \$9.4 million. In 2001-2002, anticipated total aid is expected to be at similar levels. On-going contributions must be determined in the context of the overall aid budget priorities.

Recommendation 37

The Committee recommends that:

- The United Nations Relief and Works Agency receive at least 50 per cent of Australia's non-food aid to the Middle East;
- The Australian Government use its influence to urge the international community to reverse the decline in financial support for the United Nations Relief and Works Agency; and
- The Australian Government employ every diplomatic means at its disposal to encourage the Lebanese Government to improve the conditions of the Palestinian refugees within its territory.

Recommendation 37 (a)

Australia currently provides \$3.8 million in core funding to UNRWA. We are currently the fifteenth largest donor to UNRWA. This level of contribution is determined in the context of overall aid budget priorities and is commensurate with our role and influence in the region.

Response to Recommendation 37 (b)

The Australian Government is aware of the difficult financial position in which UNRWA continues to find itself. In 2000-2001, the Prime Minister announced that Australia's annual contributions to UNRWA would increase by \$1 million. This sent

a timely signal to the international community of our continuing faith in UNRWA and support for its management reforms.

The Government supports the important role of UNRWA and agrees that all opportunities should be taken to encourage the international community to maintain its support for this organisation. The large and longstanding caseload of displaced Palestinians across the Middle East has placed substantial pressure on the countries of first asylum, such as Lebanon, Jordan and Syria, and presents a substantial challenge to the international protection system.

Response to Recommendation 37 (c)

The Australian Embassy in Beirut has made a number of representations to the Lebanese Government in an effort to improve the conditions of Palestinian refugees in that country. Australia will continue to support efforts by the international community to bring about a just and lasting solution to the Israeli-Palestinian conflict. The plight of Palestinian refugees in Lebanon and other countries must be addressed in any solution.

The Government agrees that countries of first asylum, such as Lebanon, should take steps consistent with their national capacity to ensure that asylum-seekers and refugees in their territory are able to access essential services and are not forced to undertake secondary movements to achieve protection. In turn, the international protection system, in this case through UNRWA, needs to ensure that the support provided to countries of first asylum is appropriate and adequate.

Australia acknowledges, however, the fundamental right of each State to determine the manner in which it provides these services and the implementation of its obligations under the various international instruments on human rights and refugees.

Recommendation 38

The Committee recommends that:

- AusAID, in consultation with the Palestinian Authority, focus on the agricultural and educational sectors for longer-term capacity building projects;
- The Australian Centre for International Agricultural Research (ACIAR) re-direct some of its research towards collaboration with the Palestine Ministry of Agriculture; and
- ACIAR examine the feasibility of establishing scientific linkages with Israel and the Palestinian Authority on water use and management.

Response to Recommendation 38 (a)

The Government's aid program will continue to focus on longer term development objectives in the agriculture and education sectors. Because of the Intifada, however, the program is adopting more flexible aid delivery methods. The Middle East Capacity Building NGO Program and the Australian Community Assistance Scheme, focus on capacity building within local Palestinian NGOs and encourage activities in agriculture and education sectors. Both programs require NGOs to provide

contingency plans that allow project activities to continue if the conflict escalates further.

The agriculture sector has been a key focus for Australian assistance to the Palestinian Territories. Before the Al Aqsa Intifada, the Agriculture Training and Capacity Building project was working successfully, and was well received by the Palestinian Authority (PA). Australia has developed a good reputation for programmed activities such as dryland farming and for the manner of project delivery, which takes into account needs and priorities of the PA. The Intifada is preventing full implementation of the project.

The vocational education sector was also identified as a priority for further Australian assistance to the Palestinian Territories. A new five-year project, the Palestine Australia Vocational Education (PAVE) project, was designed in August 2000, before the outbreak of the Intifada. The current conflict prevents the implementation of PAVE.

A review will be undertaken in 2002 to determine the future of the Agriculture Training and Capacity Building Project and PAVE in light of political developments and AusAID's new Corporate Strategy.

Response to Recommendation 38 (b) and (c)

The Government agrees that the Palestinian Ministry of Agriculture and other Palestinian organisations would benefit from research collaboration with Australia, especially in areas of water management, dryland agriculture and livestock production. It would also be possible to establish scientific linkages with Israel, although in view of the development status of Israel, we do not believe that Israel should be a direct recipient of Australian aid funding. For the time being, resource constraints preclude a bilateral program in the Middle East.

Additional Observations

SECTION TWO – Economic and Social Issues

Overseas Students in Australia

Paragraph 6.215

DETYA is urged to develop a business plan to achieve a three per cent market share within three years. If that target is achieved, and continuing the momentum generated, a market share of five per cent within five years would be very achievable. The business plan should be compiled in close cooperation with Austrade, IDP Education Australia, and the University of Wollongong to take full advantage of the significant on-the-ground experience these organisations have obtained in the region.

DEST (formerly DETYA) notes the suggestion to develop a business plan to achieve a three per cent market share of the Gulf States education market within three years.

In December 2001, Australian Education International (AEI) concluded an agreement with Austrade in Dubai, to facilitate the establishment and maintenance of a full-time locally engaged Education Adviser position at the Australian Consulate-General in Dubai. Austrade finalised an appointment to the position in mid-December. DEST's immediate aim in maintaining a presence in the UAE is to raise the profile in the Gulf region of Australia as an education destination, with the goal of increasing Australia's share of this market. We expect that the Education Adviser arrangement in Dubai will provide intelligence on trends and opportunities in the Gulf education market on which an increase in Australia's share of the market might be based. DEST considers that it would be inappropriate to set targets.

The immediate priorities of the Education Adviser position will be to:

- *commission and manage a local contractor to undertake a market research project on the UAE education sector, and*
- *develop a business plan informed by the findings of the research project that identifies strategies and initiatives for the delivery of education promotion and support services in the UAE and Gulf region.*

AEI has funded a part-time, locally engaged Education Adviser position in Dubai since 1996. As indicated in the JSCFADT Report (paragraph 6.213), the position became vacant during 2000 and action to fill it was put on hold pending the findings of AEI's Review of Offshore Resource Deployment. The review and related consultation process, which were completed at the end of 2000, indicated strong support particularly from the English Language Intensive Course for Overseas Students (ELICOS) and Vocational Education and Training (VET) sectors for an expanded DETYA presence in the Middle East. This is also consistent with the industry's interest in diversifying and opening emerging markets.

On the basis of the review and related consultations with relevant Commonwealth agencies and the education and training industry, AEI considered a strong focus on education with a full-time officer in Dubai was more appropriate than the former part-time arrangement. In December 2001, AEI concluded an agreement with the Australian Trade Commission (Austrade) in Dubai, to facilitate the establishment and maintenance of a full-time locally engaged Education Adviser position at the Australian Consulate-General in Dubai. Under this agreement, AEI has provided funding to support the position, which will be managed by the Senior Trade Commissioner (Dubai), in consultation with AEI (Canberra).

The Education Adviser position in Dubai will be responsible for raising the profile of Australian education and training in the UAE and Gulf region and for providing support and intelligence to the Australian education and training industry. There may be scope in the longer term for the Education Adviser position in Dubai to service the Middle East market more broadly.

AEI has also agreed with Austrade Dubai to allocate funds for a research report on the UAE education sector. The UAE education sector research project will provide a valuable tool to service institutions in the short term, and will assist in establishing the priorities for marketing, promotion and outreach activities which will inform the plan of activities devised to support the Australian education industry in the Gulf region.

Visa Regulations for Overseas Students

Paragraph 6.224

Some disquiet has been expressed about aspects of the new visa conditions for overseas students that came into force on 1 July 2001. The National Liaison Committee for International Students in Australia conference held in Canberra in July 2001 criticised the fact that students from different countries were assessed against different criteria, and that visas were automatically cancelled if students did not respond to a 28-day notice.

The new arrangements for assessing students from different countries refine the risk management approach to student visa processing that underpinned the previous regime. Students apply for a visa specific to their sector of study and are required to meet evidentiary standards that vary according to the assessment level assigned to their particular sector and country. Assessment levels are based on a sound statistical analysis of indicators of risk agreed as part of a lengthy consultation process with industry. Assessment level 1 represents the lowest immigration risk and level 5 the highest.

Under the regulations, the genuineness of the student visa applicant is assessed by considering financial capacity, English language proficiency, potential to breach visa conditions and other relevant matters. The higher the assessment level and level of risk, the greater the minimum evidentiary standards a student visa applicant has to satisfy.

The provision in certain circumstances for automatic cancellation of a student visa ensures that permission to remain in Australia is withdrawn from students who do not

comply with the conditions of their visas and who take no steps to explain their situation to immigration officers. The purpose of the legislation is to streamline the student visa cancellation process to ensure that student visa validity is settled within a reasonably short period of time.

Student visa holders are required to keep their providers informed of their current residential addresses and of any changes in address. The Education Services for Overseas Students (ESOS) legislation requires education providers to keep records of students' current residential addresses and to report students who breach visa conditions relating to maintaining satisfactory attendance and/or academic performance. Providers are also required under the ESOS legislation to send a notice to such students requiring them to report to an immigration office within 28 days to explain the breach. Non-compliance triggers automatic visa cancellation under the Migration legislation.

There are provisions for revocation of the cancellation where the student demonstrates that he or she did not fail to comply with the relevant visa condition or that the non-compliance was due to exceptional circumstances beyond the student's control.

Paragraph 6.225

IDP Education Australia has identified three other areas of special concern with the new visa regulations:

- It is mandatory for students to achieve a minimum level in an IELTS (International English Language Testing System) test, even if their prime purpose in coming to Australia is to learn English;
- All the Persian Gulf States are classified as Risk Category 2, except Oman and Qatar which have been designated Risk Category 3. Conditions are similar across the Gulf and both countries should be in Risk Category 2;
- Only parents are now able to sponsor student children, whereas previously siblings and close relatives could also do so. The cultural norms of the Middle East mean that often the extended family holds wealth, and this should be taken into account for sponsorship purposes.

Paragraph 6.225 (a)

The English language proficiency requirement is as much an immigration integrity measure as it is a measure of potential students' ability to manage their academic workload in Australia. The requirement is necessary to manage the bona fides of higher risk caseloads. An English language proficiency requirement is not new; it has been part of the regulations and a central feature of the special visa policy for students from China since the early 1990s.

It is notable that since introduction of the English language requirement, students from China have complied more closely with immigration requirements. They have a much lower rate of overstay and of working illegally. This has allowed the Government gradually to ease the English language requirement for students from China. This contrasts with the situation of students from, for example, Vietnam.

Students from Vietnam who entered Australia with little to no pre-visa English language requirement have had very high immigration non-compliance rates, particularly ELICOS students. It is clear that students with lesser English language skills have a higher propensity not to comply.

Assessment level 1 and 2 applicants are only required to show that they have a level of English language proficiency that satisfies the proposed education provider. Assessment level 3 and 4 applicants applying outside Australia generally must provide an International English Language Testing System (IELTS) test result. However, in the Schools and the AusAID-Defence sectors there are no prescribed IELTS requirements for assessment levels 1 through to 4.

In implementing the new student visa arrangements, there is no set IELTS requirement for level 3 Independent ELICOS applicants. However, DIMIA has announced that an English language requirement will be set for such students at some time in the near future, except where the Minister has gazetted a provider who meets certain standards and agrees to specific accountability mechanisms and conditions. The requirements that must be met before a provider may be gazetted are being developed in consultation with industry.

DIMIA has selected IELTS as the standard English proficiency test because it is a high integrity test without the same potential for fraud inherent in alternative tests. The regulations, however, provide for the Minister to gazette alternative tests to IELTS and a small number of countries have so far had an alternative made available on the basis that IELTS facilities do not exist or are inadequate.

Paragraph 6.225 (b)

The assignment of assessment levels to the Persian Gulf States, as to all countries, reflects the universal application of the agreed methodology. DIMIA is, however, consulting with industry concerning the assessment levels for small countries, including those in the Middle East.

Paragraph 6.225 (c)

A student visa holder must have access to sufficient funds to meet all expenses associated with their proposed study and stay in Australia. At assessment levels 1 and 2 there are no restrictions on who may provide the funds. At assessment levels 3 and 4, family-provided funds are limited, in most sectors, to the student, their spouse, parents and grandparents. This ensures, as far as possible, that the source of funds is reliable and that the funds will actually be made available to the student in Australia. The more distant the relationship of the sponsor to the student, the greater the risk that promised support may not eventuate after the visa has been granted.