

News Release

FRIDAY, 6 NOVEMBER, 2009

Education drives Australia's engagement with Asia

The uptake of educational services could provide the key to stronger relations with Asia, according to the second annual PricewaterhouseCoopers Melbourne Institute Asialink Index.

The Index launched today by the Hon John Brumby, Premier of Victoria, shows that the growth of Australia's engagement with Asia continues to outpace its interactions with the rest of the world. Since 1990, Australia's regional relationships have multiplied four and a half times compared to a three-fold increase in engagement with its traditional US and European allies.

The Index measures changes in engagement between Australia and 25 Asian economies across key areas including trade, investment, tourism, education, migration, business development and humanitarian assistance between 1990 – 2008.

Education spurs bilateral activity

According to the Index, education may impact our wider relationships in Asia beyond its sector, providing an early warning system for longer-term trends in the economy. The Index has found a statistical correlation between the uptake of educational services and future bilateral activities including tourism, migration, investment and trade.

Professor Glyn Davis, Vice Chancellor, Melbourne University says, "The Index confirms that education is not only an important economic contributor – it is Victoria's single largest export, contributing \$4.9 billion in 2008 – but is also a good barometer of our relationship with Asia. The success or otherwise of this sector also provides an indirect measure of Australia's reputation internationally."

"The Index shows us that education is vital to fostering more robust and diverse relations with our regional neighbours."

Professor Davis concluded: "It is vital Australia continues to position the strength of its educational offerings regionally, and promotes our country as a safe, tolerant and welcoming destination for students of all nationalities."

Rising Sun eclipses Middle Kingdom

Japan reclaimed its position from China as Australia's leading trade partner in 2008. The world's second largest economy accounted for nearly one third (30 per cent) of Australia's exports to Asia, and provided 17 per cent of its imports.

Japan also provided Australia with its largest capital injection from Asia, with investments totalling \$20.3 billion – a 58 per cent rise on the prior year. With large investments in resources, food and beverage, Japan was responsible for 13 per cent of total foreign investment into Australia.

Derek Kidley, partner, PricewaterhouseCoopers said, “Japan has been among Australia’s leading trade partners for more than four decades, and an integral part of our nation’s economic growth and development. It should be no surprise they continue to be one of our largest customers and investors.”

“In recent times, Australia’s most visible business achievements have been characterised by our relationships with China and Japan. Our economies complement one other. Australia brings enormous natural resource wealth and the ingenuity of our service industries to these capital rich, mineral-resource-poor nations.”

“But we must remember the importance of our other regional neighbours, particularly the ASEAN nations, as well as South Korea and India. Last year, our trade engagement with Asia grew by a massive 25.4 per cent. Australia’s economic future is clearly dependent on our regional partners,” he said.

Research and business development declines

A substantial fall in Australian business visits to Asia contributed to the Research and Business Development (R&BD) Index dropping 10.3 per cent – the most significant decline since 1999. Japan, China and South Korea were among countries that recorded falls in this area during 2008.

Jenny McGregor, CEO Asialink, said: “Strong Research and Business Development relations can create future connections, open market opportunities into countries, and help inform future business decisions. This in particular is a dimension of Asian engagement not captured by other measurements.”

“The good news is that this drop has not damaged the long-term positive relations Australia has worked hard to develop with Asia this past decade. But we cannot be complacent. We do need to be concerned that R&BD has fallen significantly, especially with Japan, which recorded a drop of 28.3 per cent last year,” she said.

Ms McGregor said: “The Index helps us identify areas where we need to strengthen our engagement with Asia, and foster the relationships that have generated bilateral growth and development opportunities.”

Other factors influencing the fall in R&BD included: a fall in Asian businesses patenting in Australia; a slight reduction in the number of Asian business associations operating in Australia/government offices dedicated to promoting Australia-Asia business; and a fall in the number of Australia-Asia research papers published on the Internet.

President, Australia Japan Business Co-operation Committee, Sir Rod Eddington, says the Index provides a broader understanding of our relationships in Asia. “The Index also shows clearly how sectors can interact, and how we need to be aware of the political, cultural and social aspects of our engagement as well as trade and investment,” he said.

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**Notes to editor:
Understanding the Index**

Although there is no single objective way to measure engagement, the Index uses seven quantifiable measures: trade, investment, research and business development, education, tourism, migration.

The Index tracks engagement along these seven dimensions between 1990 and 2008.

The Index is an unweighted average of its seven components, each of which uses 1990 as the base year and 100 as the base number.

Trade and investment are measured using monetary values. The education, tourism, migration components by number of people. Research and business development, and humanitarian assistance are shown in index format.

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