

News Release

FRIDAY, 13 FEBRUARY, 2009

Australia engaged but not yet wedded to Asia

Australia's international relationships are increasingly located in Asia rather than the rest of the world according to the first ever comprehensive index of Australian / Asian engagement, the PricewaterhouseCoopers Melbourne Institute Asialink Index.

The Index, to be launched today by Australian Minister for Trade, the Hon Simon Crean, reveals that Australia's regional relationships are growing much faster than the country's traditional alliances in Europe and the U.S.

In welcoming the new Index, Prime Minister Kevin Rudd urged Australians to contribute to the discussion about our nation's engagement with the region.

"I hope the analysis and commentary in the PricewaterhouseCoopers Melbourne Institute Asialink Index will reach deep into the Australian community," he said.

The Index measures changes across a range of areas, including trade, investment, tourism, education, migration, business development and humanitarian assistance, between Australia and 25 Asian economies in the period 1990 – 2007.

The Index was a major collaborative effort between PricewaterhouseCoopers, the Melbourne Institute and Asialink at the University of Melbourne.

According to Associate Professor Beth Webster at the Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, "Asia's importance to Australia's future is clear. For the first time, this index enables us to quantify objectively which form of engagement — be it trade, education, tourism, research or humanitarian assistance — is growing fastest and which countries are forging stronger ties over time".

Asialink Chairman, Mr Sid Myer, said: "We're launching this Index at a time of unprecedented global financial turmoil. And the question everyone is asking is: Can Asia cushion Australia from the shocks?"

"We are seeing a generational shift of financial might from the west to the east and growth in Asia will continue to be stronger than the rest of the world: the IMF forecasts global growth at 0.5 per cent yet Asia is five times stronger at 2.7 per cent," he said.

This Index reveals Australia's engagement with Asia has generally shown upward movement since 1990. However, bilateral investment has been comparatively flat, confirming Australia's preference to invest in markets outside of Asia and vice versa.

“It is imperative, in the current economic climate, that we have a greater understanding of Asia. We need to understand the languages, the cultures; we need an appreciation of individual countries’ histories and geographies,” Mr Myer said.

“The trade indicators are reassuring,” said Mr Tim Cox, Partner PricewaterhouseCoopers. “But, before business can say it is truly engaged, we would have to see a significant increase in investment. In spite of the regional impact of the global financial crisis, PwC believes that Australia’s business opportunities will be in Asia.”

The first edition of the Index, to be updated annually, contains contributions from many of Australia’s foremost public figures, businesspeople and Asia thinkers, including a reflective essay from Professor Tony Milner of the Australian National University.

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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 2007.

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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