

AUSTRALIA



Foreign Relations: Australia has been an active participant in international affairs since federation in 1901, and Australian forces have fought beside the United States and other Allies in every significant conflict since World War I. On January 8, 1940, the governments of the United States and Australia announced the establishment of bilateral diplomatic relations. In 1944, Australia concluded an agreement with New Zealand dealing with the security, welfare, and advancement of the people of the independent territories of the Pacific (the ANZAC pact). After World War II, Australia played a role in the Far Eastern Commission in Japan and supported Indonesian independence during that country's revolt against the Dutch. Australia was one of the founding members of the United Nations, the South Pacific Commission, and the Colombo Plan. In addition to contributing to UN forces in Korea--it was the first country to announce it would do so after the United States--Australia sent troops to assist in putting down the 1948-1960 communist revolt in Malaya and later to combat the 1963-1965 Indonesian-supported invasion of Sarawak. The United States, Australia, and New Zealand signed the ANZUS Treaty in 1951, which remains Australia's pre-eminent formal security treaty alliance. Australia sent troops to assist South Vietnamese and U.S. forces in Vietnam, and joined coalition forces in the Persian Gulf conflict in 1991, in Afghanistan in 2001, and in Iraq in 2003.

Australia has been active in the Australia-New Zealand-U.K. agreement and the Five-Power Defense Arrangements--successive arrangements with Britain and New Zealand to ensure the security of Singapore and Malaysia.

One of the drafters of the UN Charter, Australia has given firm support to the United Nations and its specialized agencies. It was last a member of the Security Council in 1985-86, a member of the Economic and Social Council for 1986-89, and a member of the UN Human Rights Commission for 1994-96 and 2003-2005. Australia recently declared its intention to seek a non-permanent seat on the UN Security Council for 2013-2014. Australia takes a prominent part in many other UN activities, including peacekeeping, nonproliferation and disarmament negotiations, and narcotics control. Australia also is active in meetings of the Commonwealth Regional Heads of Government and the Pacific Islands Forum, and has been a leader in the Cairns Group--countries pressing for agricultural trade reform in World Trade Organization (WTO) negotiations--and in founding the APEC forum. In 2002, Australia joined the International Criminal Court.

Australia has devoted particular attention to relations between developed and developing nations, with emphasis on the ten countries of the Association of Southeast Asian Nations (ASEAN) and the island states of the South Pacific. Australia is an active participant in the ASEAN Regional Forum (ARF), which promotes regional cooperation on security issues, and has been a member of the East Asia Summit since its inauguration in 2005. In September 1999, acting under a UN Security Council mandate, Australia led an international coalition to restore order in East Timor upon Indonesia's withdrawal from that territory. In 2006, Australia participated in an international peacekeeping operation in Timor-Leste (formerly East

Timor). Australia led a regional mission to restore law and order in Solomon Islands in 2003 and again in 2006. Australia is part of the Asia Pacific Partnership on Clean Development and Climate, which also includes the United States.

The government is committed to increasing official development assistance to 0.5% of gross national income by 2015-2016. Australia budgeted A\$3.79 billion (U.S. \$3.03 billion) for FY 2008-2009 and has budgeted A\$3.82 billion (U.S. \$3.05 billion) for FY 2009-2010. The Australian aid program is currently concentrated in Southeast Asia (Papua New Guinea and Indonesia are the largest recipients) and the Pacific Islands. Selected aid flows are allocated to Africa, South Asia, and reconstruction in Afghanistan and Iraq. Contributions to multilateral organizations and other expenses account for about one-third of the foreign assistance budget.

US – Australian Relations: The World War II experience, similarities in culture and historical background, and shared democratic values have made U.S. relations with Australia exceptionally strong and close. Ties linking the two nations cover the entire spectrum of international relations--from commercial, cultural, and environmental contacts to political and defense cooperation. Two-way trade reached almost \$26 billion in 2006. More than 459,700 Americans visited Australia in 2007. In September 2007, the United States and Australia signed an agreement launching a 12-month exchange student work and travel pilot program. While Australia enjoys a similar program with approximately twenty other countries, this was the first program of its kind for the United States. The pilot program will facilitate the hands-on experience of Australian and Americans working in each others' country and will deepen and enhance our bilateral relationship even further.

Traditional friendship is reinforced by the wide range of common interests and similar views on most major international questions. For example, both attach high priority to controlling and eventually eliminating chemical weapons, other weapons of mass destruction, and anti-personnel landmines; and both work closely on global environmental issues such as slowing climate change and preserving coral reefs. The Australian Government and opposition share the view that Australia's security depends on firm ties with the United States, and the ANZUS Treaty enjoys broad bipartisan support. Recent Presidential visits to Australia (in 1991, 1996, 2003, and 2007), a Vice Presidential visit in February 2007, and Australian Prime Ministerial visits to the United States (in 1995, 1997, 1999, 2001, 2002, 2003, 2004, 2005, 2006, 2008, and 2009) have underscored the strength and closeness of the alliance.

The bilateral Australia-U.S. Free Trade Agreement (AUSFTA) entered into force on January 1, 2005. This comprehensive agreement, only the second FTA the U.S. had negotiated with a developed nation, substantially liberalized an already vibrant trade and investment relationship. The AUSFTA also creates a range of ongoing working groups and committees designed to explore further trade reform in the bilateral context. Both countries share a commitment to liberalizing global trade. They work together very closely in the World Trade Organization (WTO), and both are active members of the Asia-Pacific Economic Cooperation (APEC) forum.

A number of U.S. institutions conduct scientific activities in Australia because of its geographical position, large land mass, advanced technology, and, above all, the ready cooperation of its government and scientists. In 2005, a bilateral science and technology agreement was renewed. Under another agreement dating back to 1960 and since renewed, the U.S. National Aeronautics and Space Administration (NASA) maintains in Australia one of its largest and most important programs outside the United States, including a number of tracking facilities vital to the U.S. space program. Indicative of the broad-ranging U.S.-Australian cooperation on other global issues, a Mutual Legal Assistance Treaty (MLAT) was concluded in 1997, enhancing already close bilateral cooperation on legal and counter-narcotics issues. In 2001, the U.S. and Australia signed a new tax treaty and a bilateral social security agreement. The U.S. Studies Centre was launched in 2006 at the University of Sydney with Commonwealth funding of A\$25 million (U.S. \$20 million).

Peace and Security: The Australia, New Zealand, United States (ANZUS) security treaty was concluded at San Francisco on September 1, 1951, and entered into force on April 29, 1952. The treaty bound the signatories to recognize that an armed attack in the Pacific area on any of them would endanger the peace and safety of the others. It committed them to consult in the event of a threat and, in the event of attack, to meet the common danger in accordance with their respective constitutional processes. The three nations also pledged to maintain and develop individual and collective capabilities to resist attack.

In 1984, the nature of the ANZUS alliance changed after the Government of New Zealand refused access to its ports by nuclear-weapons-capable and nuclear-powered ships of the U.S. Navy. The United States suspended defense obligations to New Zealand, and annual bilateral meetings between the U.S. Secretary of State and the Australian Foreign Minister replaced annual meetings of the ANZUS Council of Foreign Ministers. The first bilateral meeting was held in Canberra in 1985. At the second, in San Francisco in 1986, the United States and Australia announced that the United States was suspending its treaty security obligations to New Zealand pending the restoration of port access. Since 1985, U.S. Secretaries of State and Defense and the Australian Foreign and Defense Ministers have held 20 Australia-U.S. Ministerial consultations (AUSMIN), alternating between Australia and the United States. The next AUSMIN is scheduled to take place in Australia in 2010.

The U.S.-Australia alliance under the ANZUS Treaty remains in full force. AUSMIN meetings are supplemented by consultations between the U.S. Combatant Commander, Pacific and the Australian Chief of Defense Force. There also are regular civilian and military consultations between the two governments at lower levels.

ANZUS has no integrated defense structure or dedicated forces. However, in fulfillment of ANZUS obligations, Australia and the United States conduct a variety of joint activities. These include military exercises ranging from naval and landing exercises at the task-group level to battalion-level special forces training to numerous smaller-scale exercises, assigning officers to each other's armed services, and standardizing, where possible, equipment and operational doctrine. The two countries also operate joint defense facilities in Australia.

Following the terrorist attacks on the United States on September 11, 2001, then-Prime Minister Howard and U.S. President George W. Bush jointly invoked the ANZUS Treaty for the first time on September

14, 2001. Australia was one of the earliest participants in Operation Enduring Freedom. Australian Defense Forces participated in coalition military action against Iraq in Operation Iraqi Freedom. Australian combat forces began their withdrawal from Iraq in mid-2008 and forces were to be fully removed by July 2009. Australia has approximately 1,000 troops deployed in Afghanistan and also provides significant development and capacity building assistance to the country. Based on growing defense commitments, Australia decided to increase the Australian Army from 26,000 to 30,000 over the next several years. This will enable the reestablishment of two infantry battalions, as well as enabling troops, such as a new unmanned aerial vehicle (UAV) unit.

The Australian Government has stated its intention to maintain its investment in future capability of the Australian Defense Force (ADF). To do so, the government has committed to a 3% annual growth in real defense funding through 2018--and 2.2% annual real growth beyond--to ensure the ADF can continue to meet capability and interoperability goals. The Australian Defense Force numbers about 54,000 active duty personnel, with planned increases to 57,000 within the next decade. The Royal Australian Navy's (RAN) front-line fleet currently includes 12 frigates, including 4 of the Adelaide class and 8 Australian-built ANZAC class. In August 2004, Australia selected the Aegis Combat Control System for its three air warfare destroyers (AWD), which will start coming into service in 2014. The F/A-18 fighter, built in Australia under license from the U.S. manufacturer, is the principal combat aircraft of the Royal Australian Air Force, backed by the U.S.-built F-111 strike aircraft. In October 2002, Australia became a Level III partner in the U.S.-led Joint Strike Fighter (JSF) program. Additionally, the Australian Government signed the JSF Production, Sustainment and Follow-on Development MOU in 2006. Australia is projected to buy up to 100 JSF aircraft with deliveries starting in 2013 and running through 2020. The F-111 strike aircraft are scheduled to exit service by 2010 and will be replaced by 24 Boeing F/A-18F Super Hornet fighters as an interim strike capability with deliveries commencing in 2010. The Royal Australian Air Force (RAAF) took delivery of the last aircraft in its buy of 4 Lockheed C-17 strategic airlift aircraft in 2008. In addition, Boeing will provide the Commonwealth of Australia's RAAF with an Airborne Early Warning and Control (AEW&C) system based on the Next-Generation 737-700 aircraft as the airborne platform. Recent U.S. sales to the Australian Army include the M1A1 AIM tank, as well as Hellfire and JAVELIN munitions. Future opportunities include CH-47 helicopter replacements, navy helicopter replacements, light and medium cargo aircraft replacements and artillery systems.

In May 2009, the Australian Government released its Defense White Paper, outlining Australia's long-term strategic outlook. In addition to buying the JSF aircraft, the White Paper proposes to double Australia's submarine fleet to 12, replace the ANZAC class frigates, and replace the army's armored personnel carriers.

The U.S. and Australia signed a Defense Cooperation Treaty in Sydney in September 2007. This treaty, when implemented, will facilitate the trade of defense equipment and technology between the countries. The treaty is currently awaiting ratification by the U.S. Senate.

Governing Justly and Democratically: The Commonwealth government was created with a Constitution patterned partly on the U.S. Constitution, although it does not include a "bill of rights." Powers of the Commonwealth are specifically defined in the Constitution, and the residual powers remain with the states. Proposed changes to the Constitution must be approved by the Parliament and the people, via referendum.

Australia is an independent nation within the Commonwealth. Queen Elizabeth II is the head of state and since 1973 has been officially styled "Queen of Australia." The Queen is represented federally by a governor general and in each state by a governor. By convention, the governor general generally acts on the advice of the prime minister and other ministers. However the governor general has "reserve powers," including the power to dismiss ministers, last exercised in 1975.

The federal Parliament is bicameral, consisting of a 76-member Senate and a 150-member House of Representatives. Twelve senators from each state are elected for 6-year terms, with half elected every 3 years. Each territory has two senators who are elected for 3-year terms, concurrent with that of the House. Seats in the House of Representatives are allocated among the states and territories roughly in proportion to population. The two chambers have equal powers, except all proposals for appropriating revenue or imposing taxes must be introduced in the House of Representatives. Under the prevailing Westminster parliamentary system, the leader of the political party or coalition of parties that wins a majority of the seats in the House of Representatives is named prime minister. The prime minister and the cabinet wield actual power and are responsible to the Parliament, of which they must be elected members. General elections are held at least once every 3 years; the last general election was in November 2007.

Each state is headed by a premier, who is the leader of the party with a majority or a working minority in the lower house of the state legislature. (Queensland is an exception, with a unicameral parliament.) Australia's two self-governing territories have political systems similar to those of the states, but with unicameral assemblies. Each territory is headed by a chief minister who is the leader of the party with a majority or a working minority in the territory's legislature. More than 670 local councils assist in the delivery of services such as road maintenance, sewage treatment, and the provision of recreational facilities.

At the apex of the court system is the High Court of Australia. It has general appellate jurisdiction over all other federal and state courts and possesses the power of constitutional review.

Investing in People: Australia's indigenous inhabitants, a hunting-gathering people collectively referred to today as Aboriginals and Torres Straits Islanders, arrived more than 40,000 years ago. Although their technical culture remained static--depending on wood, bone, and stone tools and weapons--their spiritual and social life was highly complex. Most spoke several languages, and confederacies sometimes linked widely scattered tribal groups. Indigenous population density ranged from one person per square mile along the coasts to one person per 35 square miles in the arid interior. When Captain James Cook claimed Australia for Great Britain in 1770, the native population may have numbered 300,000 in as many as 500 tribes speaking many different languages. In 2006 the indigenous population was approximately 517,200, representing about 2.5% of the population. Since the end of World War II, the government and the public have made efforts to be more responsive to aboriginal rights and needs, most recently with Prime Minister

Kevin Rudd's historic apology to the indigenous people in February 2008.

Immigration has been vital to Australia's development since the beginning of European settlement in 1788. For generations, most settlers came from the British Isles, and the people of Australia are still predominantly of British or Irish origin, with a culture and outlook similar to those of Americans. Non British/Irish immigration has increased significantly since World War II through an extensive, planned immigration program. Since 1945 around 6.6 million migrants have settled in Australia, including 690,000 refugee and humanitarian entrants. About 80% have remained; 24%--almost one in four--of Australians are foreign-born. Britain, Ireland, Italy, Greece, New Zealand, and the former Yugoslavia were the largest sources of post-war immigration, but New Zealand is closing on Britain as the largest source country for permanent migrants to Australia, with India, China, and the Philippines making up the rest of the top five. Since the end of World War II, Australia's population has more than doubled.

Australia's humanitarian and refugee program of about 13,000 per year is in addition to other immigration programs. In recent years, refugees from Africa, the Middle East, and Southwest Asia have comprised the largest element in Australia's refugee program. Although Australia has scarcely more than three people per square kilometer, it is one of the world's most urbanized countries. Less than 2.5% of the population lives in remote or very remote areas.

Focus on Performance: Much of Australia's culture is derived from European roots, but distinctive Australian features have evolved from the environment, aboriginal culture, and the influence of Australia's neighbors. The vigor and originality of the arts in Australia--film, opera, music, painting, theater, dance, and crafts--have achieved international recognition.

Australian actors and comedians such as Nicole Kidman, Rachel Griffiths, Cate Blanchett, Geoffrey Rush, Paul Hogan, Hugh Jackman, the late Heath Ledger, and Dame Edna Everage (Barry Humphries) have achieved enormous popularity in the United States. Directors such as Peter Weir, Philip Noyes, and Russell Mulcahy, the conductor Sir Charles Mackerras, and singers and musicians such as Olivia Newton-John, The Wiggles, AC/DC, Dame Joan Sutherland, Dame Nellie Melba, and Kylie Minogue are well known.

Australian artists with international reputations include Sidney Nolan, Russell Drysdale, Pro Hart, and Arthur Boyd. Writers who have achieved world recognition include Thomas Keneally, Colleen McCullough, Nevil Shute, Morris West, Jill Ker Conway, Peter Carey, Robert Hughes, Germaine Greer, and Nobel Prize winner Patrick White.

In sports, too, Australian athletes are internationally renowned, particularly in swimming, diving, cricket, tennis, rugby, and golf. Australia's share of Olympic medals and world titles is proportionately larger than its share of the world's population.

Economic Growth: Australia's economy is dominated by its services sector, yet it is the agricultural and mining sectors that account for the bulk of Australia's exports. Australia's comparative advantage in the export of primary products is a reflection of the natural wealth of the Australian continent and its small domestic market; 21 million people occupy a continent the size of the contiguous United States. The relative size of the manufacturing sector has been declining for several decades, but has now steadied at around 10% of GDP. Australia currently enjoys a record high terms-of-trade well above its long-run average, reflecting the rise in global commodity prices created by booming demand in China and the drop in prices for imports for manufactured goods, mainly from China.

Since the 1980s, Australia has undertaken significant structural reform of its economy and has transformed itself from an inward-looking, highly protected, and regulated marketplace to an open, internationally competitive, export-oriented economy. Key economic reforms included unilaterally reducing high tariffs and other protective barriers to free trade, floating the Australian dollar, deregulating the financial services sector, including liberalizing access for foreign banks, increasing flexibility in the labor market, reducing duplication and increasing efficiency between the federal and state branches of government, privatizing many government-owned monopolies, and reforming the taxation system, including introducing a broad-based Goods and Services Tax (GST) and large reductions in income tax rates.

Australia enjoys a higher standard of living than any G7 country other than the United States. Australia's economic standing in the world is a result of a commitment to best-practice macroeconomic policy settings, including the delegation of the conduct of monetary policy to the independent Reserve Bank of Australia, and a broad acceptance of prudent fiscal policy where the government aims for fiscal balance over the economic cycle. Largely due to the fall in revenue as a result of the global economic downturn, net government debt is projected to reach about a \$188 billion (U.S. \$150.4 billion) in four years. The previous government, drawing from budget surpluses, created the "Future Fund" to provide for future liabilities resulting from the retirement of civil servants. The Government of Australia is predicting negative 0.5% growth in the 2009-2010 fiscal year; the International Monetary Fund (IMF) predicted growth to be negative 1.4% for 2009.

Over the last year, unemployment has risen to around 5.5% from 4.2%, and the labor market participation has remained at around 65%. Both the federal and state governments have recognized the need to invest heavily in water, transport, ports, telecommunications, and education infrastructure to expand Australia's supply capacity. The largest river system in Australia, the Murray-Darling, and related coastal lakes and wetlands in South Australia are critically threatened and the government has developed a plan to improve irrigation infrastructure and efficiency and buy back unused water allocations along the river.

A second significant issue is climate change. A report commissioned by then-Prime Minister John Howard recommended a domestic carbon emissions trading scheme and that Australia take an active role in developing a future global carbon emissions trading system. Prime Minister Kevin Rudd plans to introduce a domestic carbon trading system by 2011. It aims to reduce emissions by 5% from 2000 levels by 2020; the paper includes the possibility of increasing cuts to 15% should an international commitment to cut emissions be reached.

The Australia-U.S. Free Trade Agreement (AUSFTA) entered into force on January 1, 2005. The AUSFTA was the first FTA the United States concluded with a developed economy since the U.S.-Canada FTA in 1988. Australia also has FTAs with New Zealand-ASEAN, Singapore, Thailand, and Chile, and is pursuing other FTAs, including with China, Japan, Malaysia, and South Korea. A burgeoning trade relationship marked by ongoing, multi-billion dollar resource export contracts and rising manufactured imports has driven FTA negotiations with China.