



## PROFESSOR TALAL YASSINE OAM



### ADDRESS

Wednesday 29<sup>th</sup> of July 2015

---

Good Evening Ladies and Gentlemen

I wish to acknowledge the Aboriginal owners of the land on which we meet, and pay my respect to their Elders past and present, and also to all Aboriginal and Torres Strait Islander Peoples here today

#### Introduction

It's well after midnight, and you're talking to high level business contacts in a hotel somewhere in the Gulf. As the tenth cup of tea is poured, the serious discussion begins.

'Why,' your host asks, 'don't you Australians put more effort into making better business contacts in my country? You're just not in the game. Look at those Americans, Canadians and British. They're here all the time. They get us. It's not really that hard. You just have to try.'

As you look at him, there's only one thing going through your mind: For an Arab to be so direct, even after four hours of polite discussion and ten cups of tea, there must be a lot of frustration. Serious frustration.

Quoting the former UK Prime Minister, The Right Hon. Gordon Brown, from a

speech he gave last year ;

*“..there is an enormous amount of untapped wealth in the richer parts of the region – particularly Gulf sovereign wealth funds – that could be accessed if the right structures were in place”*

In its latest major report, the United Nation’s Economic and Social Commission for Western Asia stated that:

*‘...the empowerment of the Arab middle class could carve a way out of the current development and governance debacle...’*

In essence, the report concludes that the development of the Arab middle class can contribute to the development of stability and civility of government in the Middle East, North Africa and the Gulf – the MENA.

But what does that have to do with us and economic opportunity?

Well, we have heard these types of claims before about our trading partners.

But this is different and similar to our recognition of our national interests by, some 30 years ago, venturing into Asia.

Let me connect the dots:

Australia has always been a go-ahead nation, eager to plot new courses, test ideas and take ourselves into the world to form new friendships, alliances and business opportunities.

Traditionally, this has been with our ‘old-world’ European and US partners that have shaped our economic and cultural progress.

Over the past two decades we have capitalised on a post-European focus however, by establishing networks with regional investment into China and South East Asia, who have an huge appetite, fuelled by a growing middle class.

However, there is another potential partner in the Middle East and North Africa region,

Otherwise known as the MENA region, with similar characteristics – which we as a nation are in real danger of overlooking – to our economic detriment.

Looking past the stereotypes of the region, we find a large middle class, strong urbanisation and governments willing to modernise their societies.

For example trade with the Gulf alone already exceeds that of trade with the UK; and Australia is well positioned to capitalise further.

We can increase our trade with the MENA region tenfold by *going north* to Asia and then *turning left* to the Middle East.

### Starting a conversation

And I'm here today to get that ball rolling !

I want to start a conversation at the highest levels of Australian political, economic and cultural decision making about the importance of striving harder for closer relations between Australia and the Arab world.

And then spread that conversation to the Australian population in general.

For, despite the current upheaval in some parts of the Arab world, the Australian people generally have so much to contribute and so much to gain.

And the conversation I had in the Gulf recently, well, I've actually had many conversations like this. The moral from it is easy to understand: the Arab world wants to do serious business with us.

They really do want our trade. We think we are trying hard, but that's not their perception as you would have surmised from my opening.

We're hardly at first base. Others try harder, much harder, and therefore so must we.

Why? Why put in this bigger effort?

Because the potential gains are immense. Truly immense.

### We've gone north, now turn left

The central fact calling for our attention to this task is something that has been happening gradually in front of our eyes in recent decades and has now reached critical dimensions: the growth of the Middle Eastern Middle Class.

According to the United Nations, this Arab middle class is now estimated at least 37 per cent of the 380 million population of the Middle East and North African countries – or some 140

million people.<sup>1</sup> Other measurements have the figure far higher at almost 50 per cent or 190 million.<sup>2</sup>

The countries of the Middle East I refer to are Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank and Gaza, and Yemen

The current turmoil in Syria, Iraq and Yemen's may not allow such investment today however it is very much possible once the situation stabilizes.

While we're not here to discuss Huntington's Clash of Civilisations or the rise of extremism, it's important to state that the overwhelming majority of the citizens of the Arab world are as horrified as we are by the violence being caused by extremist minorities, and that they share our view that the best way to create peace and stability is economic development.

Let us be clear however- this is not to discount the multitude of issues and the turmoil of countries such as Syria, Iraq and Yemen. But this is not the entire Middle East.

As these nations urbanize rapidly and seek to close the income and wealth gaps between their citizens, they know they are going to need significant levels of support to create the sorts of infrastructure and services that are commonplace in the West.

It means mega-infrastructure projects of obvious interest to Australian mining, engineering, construction, vehicles manufacture and ICT companies.

For example, in the Gulf countries alone 10,000 kilometres of railways will be built in the next 6 years – for a total investment of \$100 billion.

Then there's Expo 2020, the FIFA World Cup in 2022 (fingers crossed) and other major building projects.

It means the expansion of education services, health services, social services, ICT services, financial services, tourism services, cars, trucks, trains and buses, and countless other forms of economic assistance that we can potentially provide.

Think about education.

Right now there are some 10,000 students from the Gulf States alone in Australia. And statistically, these students are more likely to purchase cars, entertainment systems, consumables and travel more often than any other migrant student group.

And even if they're not personally wealthy, their fees are guaranteed by their government. Today there are thousands of Gulf students in Australia studying mostly at Masters and PhD

---

<sup>1</sup> United Nations Economic and Social Commission for Western Asia, *Arab Middle Class Measurement and role in driving change* (United Nations 2013), p.17.

<sup>2</sup> *Ibid*, p.48.

level, under special Programs! For international education exports, it just doesn't get any better than that.

If I were a Vice-Chancellor I know what I'd be thinking – let's double this intake and then double it again.

Going back the other way, and by way of example, did you know that the University of Wollongong not only has a campus in Dubai, but is widely regarded as the most established and prestigious university in the UAE - with some 4000 students and 200 staff?

Ladies and gentlemen, the Middle East is urbanising and fast.

And it's obvious that that's where we come in to the frame.

Our policy makers understand this.

In February, speaking on the appointment of Australia's new ambassador to Saudi Arabia, Foreign Minister Julie Bishop said that

*'expanding commercial links with Saudi Arabia, Oman, Bahrain and other GCC states is a key Australian Government priority. Australia looks forward to the early resumption of Free Trade Agreement (FTA) negotiations with the GCC.'*<sup>3</sup>

Recently, Trade Minister Andrew Robb said that

*'There is a strong fit between demand in the Gulf and Australia's strengths.'*

They're right.

Dead right.

And the same applies to the other Middle Eastern and North African nations.

Put bluntly: here is a great opportunity for Australia.

It's an unmissable opportunity.

But here's the point: we are going to miss it if we don't switch our attention to it urgently and go after that opportunity with the necessary scale and enthusiasm.

Here's what I think our long-term goal should be: to take the scale of our trade with the Middle East and add a zero to it.

[Repeat:]

'To take the scale of our trade with the Middle East and add a zero to it.'

---

<sup>3</sup> [http://foreignminister.gov.au/releases/Pages/2015/jb\\_mr\\_150316a.aspx?ministerid=4](http://foreignminister.gov.au/releases/Pages/2015/jb_mr_150316a.aspx?ministerid=4)

It can be done. Because we've done it before.

Think about it.

Here is a part of the planet turning the corner: building an affluent urban middle class, lifting its mostly rural working class out of extreme need, improving social conditions, and trying to narrow gaps in living standards between the rich and the poor.

We could be talking about what happened in Japan in the 1950s and 1960s, Indonesia since the 1970s and 1980s, China since the 1990s and India in the last decade. And Australia was part of it and benefitted enormously from it.

At every stage our leaders from Menzies on made the correct call: GO NORTH.

It wasn't easy.

To go north we had to get over a lot of prejudices and negative stereotypes that had dominated the way we thought about Asia for generations.

It's not that long ago that if you subjected even well-educated Australians to an inkblot test using a map of China or India the responses you could expect might have been "corruption, bribery, disease, poverty". Now the response is likely to be "Asian middle class".

That transformation in the way we collectively think didn't happen by accident.

In just a generation, through purposeful leadership from all parties, we have managed to revolutionize popular attitudes so much that Australians from all walks of life now see Asia not as a threat but as an economic opportunity.

Asia isn't any longer about the domino principle but the development principle.

It is widely held to be a place for our iron ore, coal, financial services, education, health and food exports. It is a market that has helped transform our economy to give us a minor economic miracle- not to mention just under 25 years of solid economic growth.

Having succeeded in that, we now need as a matter of some urgency to start changing popular attitudes towards the countries of the Middle East and North Africa.

When people see maps of that region we need them to see not the reflections of generations of deeply ingrained prejudices about the Middle East but rather places of economic opportunity for us.

In its latest major report, the United Nation's Economic and Social Commission for Western Asia stated that the destabilisation currently overtaking parts of the region ultimately has its roots in the failure of Middle Eastern nations to satisfy the legitimate economic aspirations of their emerging middle class. It said, and I quote:

*'...the empowerment of the Arab middle class could carve a way out of the current development and governance debacle...'*

*'Only an empowered middle class, the backbone of progress, democracy and prosperity, can challenge these destructive forces and broaden the horizons of Arab aspirations.'*<sup>4</sup>

It is on this Middle Eastern Middle Class, alongside the authorities controlling the sovereign wealth funds, that our efforts must be focused.

By supporting the progress of people from economic precariousness to economic security we will cut the ground the ground from under the radicals whilst benefitting ourselves too.

Just as we did in Asia.

So my central message today is that we need our people to understand that Australia's future doesn't just lie to our north, in Asia, but in a triangle that stretches out to the top of the African continent.

We need equally visionary leaders to tell us to GO NORTH THEN TURN LEFT.

If our leaders are looking for a big new economic project to snap us out of our economic negativity and reform conundrum, here it is.

To use the terminology of the foreign policy establishment: having successfully explored many opportunities in Asia, we need to pivot towards the Gulf and explore the additional opportunities.

And we need to start now.

### **A strong basis for success**

We've got a strong basis on which to start.

**First of all**, think of our history and the ties they bring us.

After successive waves of Middle Eastern migration starting during the Gold Rush that brought the ancestors of former Victorian Premier Steve Bracks and former New South Wales Governor Marie Bashir here, there are now around half a million Australians who identify as being from the Arab world. Successive waves brought the famous Malouf's, Joseph's, Nasser's, Fahour's, Shahin's, and Sultan's – just to mention a few.

---

<sup>4</sup> United Nations Economic and Social Commission for Western Asia, *Arab Middle Class Measurement and role in driving change* (United Nations 2013), p.6.

The last census found that 250,000 Australians were born in an Arab country and a further 250,000 have two Arabic-speaking parents. With these people marrying and having children of their own, there could easily be up to two million Australians with at least some Arab identity.

It's no wonder therefore that country-to-country business links are being made and the rate of connections is quickening.

Right now there are 400 Australian companies operating in the Middle East.

And there are some 30,000 Australians living and working there – many of them in very high income jobs: engineers working on infrastructure projects, accountants and bankers working in finance, doctors and nurses working in elite hospitals, academics teaching in the many universities springing out of the desert.

Probably all of us here know someone who is living or has lived in Qatar or the UAE or Kuwait before returning home with the cash they've made to buy a home and start a family.

**The second reason** for optimism is the fact that we've got a firm base on which to build stronger trade relations.

Presently, Australia's trade with the Gulf nations alone plus Morocco – and by this I mean predominantly the Kingdom of Saudi Arabia, the UAE, Oman, Qatar, Kuwait, Bahrain and Morocco – is worth \$12.3 billion a year.

I suspect that this is in surplus in our favour.

That exceeds trade with the United Kingdom, which is just \$10.1 billion.

And I suspect that this is in deficit for Australia.

But Britain's population is just 64 million people – less than that of the Gulf nations at 87 million, less than that of Egypt with 70 million, and one sixth that of the Middle East and North Africa as a whole at 381 million.

The potential for trade with the Middle East to grow and to dwarf trade with the U.K. is massive.

And progress is indeed being made.

Recently surveyed Australian exporters rate the Middle East as the most prominent up and coming market for them. As a result, orders in the region are expected to rise by 52 per cent in 2015.

But we can't think this is good enough, because it isn't. We have to think of it as just the beginning.

Ministers Bishop and Robb have become notable visitors to the region in recent times, making quite a splash.

And AUSTRADE is of course doing a sterling job.

But they can't do it alone.

Breaking open the Middle East requires the same national economic effort as breaking into Asia did thirty and more years ago.

It requires a change in our psyche, especially a change in our national attitudes to the Arab world.

**And the third reason** for optimism is that the fit between our trade interests is so tight.

I've already mentioned the services, mining and construction sectors. But what about other areas?

There's food. Growing markets for grain, barley, meat, vegetable and dairy products mean that the Middle East will continue to be a happy hunting ground for Australian agribusiness companies.

Tourism of course is a no-brainer.

And then there is the finance sector.

Trade Minister Robb has recently pointed out that there are huge sums in sovereign funds in the UAE and Saudi Arabia alone looking for investment opportunities in food, agriculture and infrastructure.<sup>5</sup>

Think of the Abu Dhabi Investment Authority, which won the \$5 billion Port Kembla and Port Botany contract. This is on top of the \$436 million they have invested in an AMP property fund.

The size of the region's sovereign wealth funds is staggering. Here are just some:

- the Abu Dhabi Investment Authority US\$ 773 billion
- the Saudi Arabian Monetary Agency \$757 billion
- the Kuwait Investment Authority \$548 billion
- the Qatar Investment Authority \$256B.

And so on... to a total of just under US\$2.5 trillion for the seven Gulf states plus Algeria.

To put that in perspective, at last report, Australia's sovereign wealth fund, the Future Fund, was worth \$109 billion.

---

<sup>5</sup> [http://trademinister.gov.au/releases/Pages/2014/ar\\_mr\\_140411.aspx?ministerid=3](http://trademinister.gov.au/releases/Pages/2014/ar_mr_140411.aspx?ministerid=3)

These sovereign wealth funds are not only huge, they have very established relationships with American and European firms. There is no reason why we can't intensify our relationships with them too and sell financial products into the Middle East and North Africa region.

The Islamic finance industry – in which I am involved – has a huge future if it can tap this opportunity.<sup>6</sup>

Just like with Australian-Middle Eastern trade, I believe we could easily multiply by ten the amount of money from that part of the world managed by Australian funds.

In this way, we can help the Arab world grow as it helps us to grow- a neat and compelling alignment of interests and mutual advantage.

It is my sincere belief that to “Go North and Turn Left is part of Australia's national interest and just like Asia will be recognised to be the case over a short period of time-despite the current hysteria in some media and political quarters.

And this is why I spend my efforts to promote this message in my various roles;

1. At the Department of Foreign Affairs- Council of Australia Arab Relations. The Council as you know was established by the Australian Government as an initiative to strengthen ties and promote mutual interests and a greater understanding and acceptance of each other's cultures, values, beliefs and diversity. It's about promoting partnerships on contemporary issues of shared interest. Not just in trade but in fields like science, technology, the environment, health, sport and social development.

2. The Australia Arab Dialogue - The Dialogue has similar aims and my intention is for it to become the pre-eminent private initiative for strengthening multi-lateral ties between Australia and Arab countries through leadership programs to be held across multiple cities in Australia and Arab nations.

I am currently organising the first Dialogue to be held in the Gulf next year

3. As a member of the ASEAN Australia Council –with a similar role to CAAR- to strengthen Australian-ASEAN ties and promote mutual interests and a greater understanding and acceptance of each other's cultures, values, beliefs and diversity

---

<sup>6</sup> Austrade, *Islamic Finance*, 2010.

## Conclusion

Let me conclude with this observation – one that will be commonplace to those of you who like me shuttle back and forth to Asia and to the Middle East & North African countries on a regular basis.

Despite what images appear on our sensationalised television screens every night, no matter what part of the world we come from, we're all essentially the same. Australian or Arab. Christian or Muslim.

Like us, most Arabs have never experience this violence first hand. They see it like we do: on TV. It's not part of their everyday lived experience.

In fact we could say, their lives are in general very much like ours, lived for family, work, leisure and enjoyment.

They love their children and grandchildren, argue with their teenagers, support football teams, are addicted to their iPhones, look forward to their holidays and have their favourite musicians, movie stars and television shows.

The negative stereotypes we have of each, which are the result of inadequate human-to-human contact, are stopping us from benefiting from each other's good fortune.

And the more we interact economically and socially the more we will realise this.

Like the people of Japan, China, Indonesia and India, the people of the Middle East can help us, just as we can help them.

Our economies can grow together.

Our middle classes can grow together.

By helping create good jobs there, we can create better jobs here.

We can be part of the solution to conflict and help build stability by advancing economic development.

Like all grand endeavours, it needs effort.

Serious effort.

And the right level of ambition.

And, as I have stated, I believe our ambition should be no less than multiplying our volume of trade with the Middle East and North Africa by ten over the long term – from \$12 billion today to \$120 billion.

As someone who spends a lot of time in the Arab world, I know that Australia can benefit from taking that left turn at Hong Kong and heading towards Riyadh, Dubai, Qatar, Amman and Cairo and the other great cities and nations of the Middle East.

This is a topic that has been talked about in quiet corners for some time now, among trade and foreign relations experts like the ones in this room today.

Now it's time for the big public conversation on this to begin in earnest.

In the run up to the Arab Australia Leadership Dialogue next year, I'm up for it, and I hope you are too.

[Ends]