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National strategy crucial to extend Latin America ties

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There are good national interest reasons for greater Australian engagement with Latin America but Australia still lacks a national strategy to support and accelerate this.

New Zealand does, doing very nicely out of Latin America. All other major global economies do: Chinese influence in the early 21st century is nowhere more evident than in the consolidation of its economic and political partnerships in Latin America, forming China into a significant counterweight to US influence in the region.

The leading Latin American economies have made good progress this century. Most have open, liberal, democratic economies, which encourage trade and direct foreign investment. Brazil, Chile, Peru and Mexico have all achieved investment grade, reflecting respect for assets and the rule of law. Leading Australian companies have recognised the potential of Latin America and have invested heavily, seizing the opportunity to diversify their market exposure beyond the Anglophone world and Asia. Led by BHP Billiton, Rio Tinto and Orica, scores of service companies and education providers have established offices and business links there.

Foreign Minister Stephen Smith acknowledged in Lima the Government had some catching up to do to keep pace with increased Australian people-to-people, industry, educational and commercial exchanges with Latin America.

A Government-led strategy could build on successful Australian business engagement with the region, and provide Australia with an outstanding opportunity to diversify and strengthen relations with an increasingly successful and influential region.

We should begin by increasing the number of diplomatic missions and trade posts, at least to match the level of the less wealthy Latin American diplomatic presence here. The Prime Minister's recent announced opening of an embassy in Lima is a start. The new Qantas direct flight to Buenos Aires should open the way for greater Tourism Australia presence in the region, currently a minor add-on based in Los Angeles and serviced by English-speaking representatives.

In tough economic times, allocating more resources to this region may seem counterintuitive, but consider the arguments in favour: The Australian Government seeks leadership in a number of global issues, including financial regulation, membership of the UN Security Council (where Latin America holds 21 votes), climate change, nuclear disarmament, an Asia-Pacific partnership, and hosting soccer's World Cup in 2018 in addition to our traditional strong positions on the WTO, APEC, the G20 and the Cairns Group. The G20 alone has assumed much higher status and impact in international forums and has three Latin members currently chaired by Brazil. For Australia, Latin America is a valuable opportunity to diversify political alliances beyond our traditional spheres of influence and to capitalise on the region's increasingly influential voice in world forums.

The financial crisis demands a broadening of our networks rather than a narrowing of them. Australia is in a relatively strong position as a result of prudent regulation and financial management at home and focused attention on gaining and retaining trading linkages abroad. Latin America is better prepared to confront a global financial crisis than at any time in the past 50 years. Both will be hit hard by falling commodity prices. The crisis, however, provides an opportunity for Australia to extend assertively its "Australian Model" of innovation and investment in agriculture, mining services, education and tourism into Latin America.

Australia, Latin America and Asia can build a formidable commercial political and economic base from which to capitalise on future global growth. Australia's Asian connections and expertise, together with Latin America's huge potential for added value in mining and agriculture, offer glittering prizes from closer cooperation. The Australia-China relationship is an added incentive for Latin American interest in Australia.

The great success of Australia's education export industry has already brought tens of thousands of young Latin students into contact with their Asian counterparts in Australia. There has been a meteoric rise in interest in all things Latin with young Australians, led by the study of Spanish language in universities. All Australian education providers are seeking stronger links with their Latin counterparts in schools, TAFEs, colleges and universities, and in cooperative research.

Research into the impact of climate change is a common interest, particularly for southern hemisphere continents. We can forge a cooperative approach to meet future global challenges and protect and enhance future food production to rapidly growing markets in East Asia.

Confident strategic leadership from government agencies and ministers (as demonstrated by our major competitors) will greatly strengthen business confidence in the region and should accelerate rapidly growing Australian business engagement there.

Yes, we are small fish in a huge Latin American pond and competition is formidable. With a comprehensive national strategy, however, Australia can make a disproportionate impact in developing new alliances, new commercial relationships, new markets and new cultural linkages in Latin America.

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