Introduction

Barry Carr and John Minns

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It is almost as if Latin America has been rediscovered by Australia nearly 200 years after most of the region’s countries declared independence from Spain. The resilience of the Latin American economies in the face of the Global Financial Crisis has spawned a cottage industry of books explaining how regional countries have gone from the disaster of the 1980s and 1990s to repeated successes in the early 21st century.¹ This triumphalist tone extends to individual country studies, particularly Brazil,² as well as through media accounts of the economic successes of such varied countries as Argentina, Bolivia, Chile, Colombia, Ecuador and Mexico. Investment flows to and from the region are booming. Exports are surging, not only in minerals and foodstuffs to China, but also in such widely differentiated value-added products as aircraft, consumer durables and high fashion. The Americas remain a destination for adventure and tourism, as captured in a number of best-selling travel books that have pointed the way for tourists looking to leave the beaten trail.³ Rumours of El Dorado are again circulating, only this time the jackpot is the opportunity in these fiscally stable emerging markets, not dreams of endless rivers of gold.

The relationship between one country of 23 million and a region of well over 500 million is, inevitably, complex and multidimensional. It is best seen against the backdrop of very broad changes in international relations and international political economy over the last two to three decades. The first is the development of what has become known as the ‘emerging economies’. The membership of this group has changed from time to time. Brazil, as a member of the BRIC group (Brazil, Russia, India, China), has consistently been dealt

with as one of these since the term was coined. More recently, some have begun to speak of the BRICSAM (BRIC plus South Africa and Mexico). Thus at least the two largest countries of Latin America are now widely considered to be moving towards positions of greater economic and political potential in world affairs. Whether it is possible to extrapolate the growth rates of these two and other fast-growing Latin American economies to the point where they reach the status of the established and developed economies of the West and Japan is more difficult to tell. However, the progress that has already been made is itself significant, especially when one considers that in Latin America most of the 20th century—and especially its last three decades—was, broadly, a period of economic stagnation, political instability, and even ruthless dictatorship. The implications of this for Australia are considerable. The importance of the developing economies of Asia for Australia’s future has been well understood for some time. But the tectonic plates of global economic and political power are not only shifting in Asia; there is a Latin American dimension as well. Indeed, there appears to have been some recognition amongst Australian government policy-makers that Australia might form a ‘connecting rod’ between some of the more open economies of Latin America, such as Chile, Peru, Colombia and Mexico, and the markets of Asia.4

A second factor, which has had an impact on relations, has been the breakdown of the bipolar world of the Cold War. In that period, trade, investment, strategic influence and intellectual ascendancy tended to move from the periphery of each of the major blocks to the core—in the case of Latin America, to the United States. While to some extent this has continued, the new shape of the world is one where connections between countries and regions are often more diverse. To use an ugly term, the system has become multidirectional. Just as the United States now accounts for only about one-eighth of Brazil’s trade, other dimensions of its development have also become diversified. A significant number of its students under its huge Science without Borders Program—itself a major attempt to internationalise and modernise—will now go to institutions other than in the United States, some to Australia. Of course, the differences within Latin America in this regard remain extremely important. Mexico in particular has continued to hitch its economy and much of its future to its powerful neighbour. But the broad trend for most of Latin America is unmistakable. Australia, because of its relatively small size, will not constitute the most important direction in which Latin American money, goods and students head. But even a comparatively minor shift in this direction by half a billion people—amongst which is a rapidly increasing middle class—will have a significant impact on Australia.

The breakdown of the bipolar world has been paralleled by the declining fortunes of the United States. This must not be overstated—it is only a relative decline in influence and it is extremely uneven—but it has nonetheless meant that connections in economy, education and international politics, which were rare in the past, have now become more likely. The opening up of new Australian diplomatic and trade commission posts in Latin America reflects this recognition. In the past, Australia might well have developed official policy on events in Latin America and attitudes towards governments there by following the lead of the United States. While it often continues to do so, there is today a more self-reliant series of direct connections between Australia and Latin America.

A final broad trend against which the Australia–Latin America relationship must be seen is the much-celebrated notion of globalisation. Globalisation—at least in the pure form often put forward in the 1990s—had at least two important weaknesses. It undoubtedly described important changes taking place—greater connectivity in trade, greater cross-border investment, the technological changes that made communication, travel and trade faster and easier—cheaper airfares, the internet, containerisation of cargo, etc. It emphasised the globalisation of consumer tastes. In many of its theoretical variations it also posited a changed relationship between the state and the market—one in which the state played a massively reduced role while global markets increasingly determined how the world worked. To use Thomas Friedman’s words, it became a ‘golden straightjacket,’ amassing wealth for those who plunged into globalisation, but also reducing the policy alternatives open to governments and therefore the range of political choice to the equivalent of one between Coke and Pepsi.5

The term globalisation did indeed describe aspects of the way the world was changing. However, as several sceptics pointed out at the time, there were serious exaggerations in the intensity of the process, and secondly around the role of the state. After around 20 years’ experience we can say that all of these processes, while real, were extremely uneven. There was a significant measure of exaggeration in the picture painted by the globalisation enthusiasts. The world was not flat—rather it remained lumpy: the gap in wealth between poorer countries and the rich ones did not close dramatically.

But perhaps the most profound mistake made by those who rushed into the globalisation scenario with unbridled enthusiasm was to suggest that the role of the state was in historic and irreversible decline. Some even suggested that the great task of modern history—the construction of the modern nation-state over the last 500 years—was at an end. Moreover, they thought that whereas its rise occurred over centuries, its decline would be much more rapid—a matter of decades at most. Some argued that what would be left would be states

that performed minimal functions of system maintenance, setting a legal and juridical framework within which the forces of the world economy would carve out their channels independently. Indeed, it is true that in many dimensions of the relationship between Australia and Latin America, the self-interest of business has led the way in creating links between the continents where they did not exist before.

But in fact, although the state retreated from various aspects of economic and social life, it has entered others with renewed vigour. The opening up of these new global markets drew states into the international arenas in ways not seen before. The connections in trade, investment, education and culture which have been developing for some time between non-government actors are now being developed further—or, as some of the chapters in this volume suggest, retarded—by the actions of the Australian state and its Latin American counterparts. The trade agreements that have been negotiated, the Australian aid program in Latin America, and the vigorous work by the Australian government to participate in the expansion of the Latin American global education market in ruthless competition with other major education providers have all illustrated the importance of state policy to the future of the relationship.

The fundamental error of the more extreme versions of globalisation theory was to assume that state intervention and the spread of global markets were at opposite ends of a conceptual seesaw. If one rose in importance, the other must decline. The simultaneous maximisation of both of these variables was precluded. But this was not correct—in the case of the Australia–Latin America relationship we have seen both greater interconnectedness and greater state-to-state involvement. That is why the decisions of policy-makers in Australia concerning the development of the relationship are crucial.

For decades Australia has had what might best be described as a policy of benign neglect towards Latin America. Government officials were aware of the region’s existence, but short of occasionally coordinating positions at multilateral meetings little attention was given to the neighbours across the Pacific Ocean. Attitudes in the bulk of the business and civil society community were little different. The depth of official ambivalence was captured in the preamble to the 1992 report on Australia–Latin America relations released by the Senate Standing Committee on Foreign Affairs, Defence and Trade. While the Committee recorded its pleasure at the assistance provided by the Latin American diplomatic missions in Canberra as well as the large Australian mining and agricultural combines operating in the region, it also noted somewhat disparagingly that ‘the Committee gained the strong impression that several
government departments and agencies are now so preoccupied with Asia that little thought is given to the far-away countries of Latin America. In the Committee’s view this is short sighted’.6

One of the key points that the Standing Committee raised after its analysis of over one hundred separate submissions was that Australia needed to take a professional approach to foreign relations. Thus while the Committee fully agreed that a greater emphasis on relations with Asia should be the main preoccupation for Australia, this should not translate into a neglect of Latin America. As the Committee noted, ‘Even in the midst of pursuing opportunities in Asia, Australians must not lose sight of the fact that strategic planning and positioning regarding Latin America needs to be carried out now, not in the next century when the continent is expected to be a significant economic force’.7 For its part, Austrade appeared to have already taken some of this message on board, advising the Committee that it was moving its senior trade commissioner from Miami to Buenos Aires and placing an additional trade commissioner specialising in mining and energy in the Australian Embassy in Santiago.

The broader vision of the Committee and Austrade’s forward positioning set the stage for important elements in today’s Australia–Latin America relationship. Indeed, much of the Australian engagement with the region is currently channelled through Santiago and the most substantive investment flows take place in the mining and energy industries. However, trade relations have stagnated due to the failure to follow through with over 60 specific recommendations made by the Committee and to commit resources and personnel to building the bilateral relationships. Although then foreign minister Gareth Evans gave a rousing speech in response to the Senate Committee’s report, praising it for its vision and highlighting the potential that Latin America held for Australia,8 Asia remained the indelible focus in Canberra. The Australian government followed the mining industry’s lead and invested most heavily in building relationships in Chile, deferring attention to those countries with a more challenging bilateral relationship, such as Brazil and Mexico.

Concentration on one country—Chile—was hardly a surprising decision for the Australian government: resources are always scarce in foreign ministries and results are constantly demanded. This was particularly the case in the early 1990s when Chile appeared to be a beacon of economic hope in an otherwise financially dubious continent. Without a pressing domestic demand for deeper


7 Ibid., p. 5. Emphasis in original text.

engagement with other countries in the region it is questionable whether it would have made sense for DFAT to build links that business and civil society would not then exploit. One subset of the recommendations in the 1992 Senate Committee report was devoted to supporting groups and activities that would build mutual understanding, particularly through cultural exchange and the support of Australian studies of Latin America. Eventually an agglomeration of these points was recycled in 2000 through a House of Representatives subcommittee examining what could be done to strengthen trade and investment relations with the region.

The 2000 House of Representatives investigation into trade and investment relations with South America was succinct: it was clear that the advice of the 1992 Senate Committee had not been followed and that ‘Australian firms have missed the boat on a range of opportunities in South America especially in Brazil as that country sought to modernise its economy and develop its infrastructure’. In particular the Committee was frustrated that little progress had been made in deepening bilateral economic relations despite repeated Australian government studies highlighting the growing importance of the Chilean and Mercosur markets. Taking up the question of why engagement was shallow, the Committee’s final report returned to a central theme of the 1992 Senate report with a direct statement:

In Australia there is a significant lack of awareness and knowledge about South America…. On its visit to South America, the Trade Sub-Committee found that the single biggest issue was the awareness factor. Awareness is a two way street. Many of the officials in the countries that the Trade Sub-Committee visited had not thought of Australia as a possible contender in their markets, especially as a source of expertise in the area of service exports including the areas of infrastructure and agricultural development.

Matters were compounded during the Committee’s visit to the region when the members inevitably found that South Americans had a better knowledge of Australia than vice versa. Building on this experience, the Committee was clear that there is a role for government in fostering improved inter-society relations and that the Australian government must take steps to build mutual understanding if national firms were to have any hope of penetrating South American markets. Recommendations five and six of the report called for

10 Ibid.
the creation of a government-run South America foundation. The principle was accepted, but with a semantic twist that resulted in the formation of a coordinating body that could help to build links: the DFAT-run Council on Australia Latin America Relations (COALAR).

Formed by the Australian government in 2001, COALAR is tasked with enhancing Australia’s economic, political and social relations with Latin America. It is specifically charged with enhancing and strengthening links in the priority areas of business, education, sustainability, tourism and culture. Perhaps more significantly for groups seeking to increase mutual awareness and build trans-Pacific links, COALAR also provides funding to support projects that will enhance Australian engagement with Latin America. As acknowledged earlier, the book presented here is one example of COALAR-funding at work. Without the financial backing of COALAR it would not have been possible to undertake this project, which examines the nature of key elements of the inter-regional relationship and provides a series of broad recommendations that help to continue building Australia–Latin America relations.

This book has certainly been a long time coming and aligns neatly with COALAR’s mandate. In 2006, Bernard Wheelahan, then the COALAR Chairman, noted in a conversation with one of this book’s editors, Barry Carr, that there was no substantial book-length discussion of the Australia–Latin America relationship and that the time had come to produce such a treatment. As conversations with prospective chapter authors moved ahead during a series of meetings, topics were allocated to authors and consensus achieved on the structure and purposes of the volume. Authors would examine the current state of play in their respective fields and also forecast as much as possible in order to identify likely short-term outcomes and where possible make suggestions that could be incorporated into future actions by stake-holders.

Bernard Wheelahan made a particularly important suggestion when he urged the editors to avoid the trap of merely looking into the past—often a rather unhappy practice that results in wishful thinking, clichéd celebrations of goodwill and tearful laments of un-seized opportunities. His idea was that something more should be provided and that the contributing scholars venture into the realm of policy to provide concrete observations regarding what is working and what is not, leading to solid proposals that business, government and civil society might use to build stronger intercontinental relations. The editors have taken Bernard Wheelahan’s suggestions very seriously. Chapter authors were tasked with providing a clearly researched background and analysis of their topic and then with using this background to provide workable ideas for practitioners. The resulting book is a major contribution to understanding the recent course
of Australia’s relationship with Latin America that not only identifies ongoing

The book is particularly timely because this is shaping up to be a Latin American
decade. After a shaky 2009, which saw GDP growth rates in Latin America
retract by two per cent during the height of the Global Financial Crisis, 2010
marked a return to solid growth with an average regional rate of 5.9 per cent.
This is in line with the medium-term growth trend of between four per cent and
5.8 per cent per annum GDP since 2004.\textsuperscript{12} This growth rate has also been seen
in the pattern of regional exports, rising 29.5 per cent and 23 per cent in 2010
and 2011,\textsuperscript{13} largely due to high global commodity prices but also in response
to increased manufacturing exports to North American and European markets.
Economic growth has been accompanied by marked improvements in poverty
levels, with the regional poverty rate dropping from 43.8 per cent in 1999 to
31.4 per cent in 2010,\textsuperscript{14} which has translated into the emergence of a new middle
class. All of this has a positive impact on Australian trade with the region,
most particularly the major Latin American economies grouped together in the
Asociación Latinoamericana de Integración: the Latin American Integration
Association (ALADI). From 2004 to 2010, Australian exports to ALADI doubled
from US$1.267 billion to US$2,576 billion. Australia’s imports from the region
experienced a similar rise, increasing from US$819 million in 2004 to US$1.766
billion in 2010.\textsuperscript{15}

The story would thus seem to be optimistic for Australia and intercontinental
relations, except that there has been little increase in the Australian market
share in the Americas during the last half-decade. Latin American exports to
Australia have barely risen proportionally since 2004, and still comprise only
a tiny share of the overall trade picture. This points back to the very issues
raised in the 1992 Senate report, the 2000 House of Deputies study, and the
more recent comments by Bernard Wheelahan to the editors of this book. The
pattern of benign neglect identified in 1992 continues in large part because
mutual understanding remains thin. This book directly tackles this problem
by setting out the nature and extent of Australia–Latin America linkages in a
number of areas significant to the intercontinental relationship.

The over-riding message from the 1992 Senate report and the 2000 House of
Representatives study was that successful Australian engagement with Latin

\textsuperscript{12} United Nations Economic Commission for Latin America and the Caribbean, \textit{Statistical Year Book for

\textsuperscript{13} United Nations Economic Commission for Latin America and the Caribbean, \textit{Latin America and the

\textsuperscript{14} United Nations Economic Commission for Latin America and the Caribbean, \textit{Statistical Year Book for

\textsuperscript{15} Dataweb Intal. http://www.iadb.org/dataintal/.
America would require more than a simple focus on trade. A deeper appreciation of the nature of linkages and relationships was necessary, with efforts being devoted to strengthening all types of connections. This is the point at which this book enters the picture.

The first section looks at the main purview of Australian government policymaking: national and state relations. As the two parliamentary reports made clear, the point of departure for any serious grappling with Latin America is an appreciation of the underlying political realities and trends in the regions. The initial chapter by Barry Carr, ‘Latin America: Changing Political Realities and Trends, 2000–2014’, is consequently devoted to painting a picture of what has been taking place in the region and what developments we might expect. As Carr points out, such an exploration is particularly important at this juncture because democratic consolidation processes throughout the region can appear messy and unstable to the extent that an untutored eye might expect serious authoritarian retrogression. The reality is somewhat different, with democracy firmly entrenched throughout the region and subject to vigorous debate about how it will operate and what forms it will take. This extends to the region’s bilateral relations, particularly with new loci of power such as China and Russia, and perhaps Australia.

An open secret in Australia’s foreign economic policy is the centrality of educational services as the country’s fourth largest export sector. Indeed, many Latin Americans have come to know Australia through educational exchanges, whether it is a period spent in the country to learn English, the opportunity to pursue a university degree, or training in a trade or profession. Sean Burges maps out the nature of Australia–Latin America education relations in the second chapter, pointing to this sector as a ripe area for growth and the expansion of mutual understanding. The challenge that he identifies would be familiar to the authors of the 1992 and 2000 reports, namely the need for Australian providers to approach Latin America as a site for partnership, not a market that can be exploited to maintain overseas enrolment numbers. In a book whose chapter authors hale mostly from the academy it would be remiss if we did not flag one of the most serious negative developments of the last decade: a serious decline in the numbers of Latin American specialists in the social sciences, whose contribution to sourcing information, analysis and advice is fundamental. In other countries—the United States, Canada, France, and the United Kingdom—the strengthening and sometimes the revival of relations with Latin America has proceeded alongside substantial investment in the development of studies of Latin America.

One of the central activities we find if we turn our attention to US, Canadian or European engagement with Latin America is the provision of foreign aid. The incredible reality that John Minns points out in chapter three is that Australia
Australia and Latin America

has virtually no history of providing official development assistance to Latin America. More to the point, Minns sets the recent decision by AusAID to initiate programming in the region within the context of Australia’s successful 2012 bid for elevation to the United Nations Security Council. Again, the theme from the parliamentary reports comes through in Minns’ analysis, with a shortage of understanding and experience in the region emerging as a central challenge to this expansion of AusAID activities. The flip-side to this challenge is that engaging in the necessary learning process becomes an ideal opportunity for the Australian government to learn about the region, but only if it expands development programming in a cohesive and targeted manner.

James R. Levy and Peter Ross take up one of the higher profile sites for bilateral engagement in their chapter four discussion of the environment. Two major lessons come from their study that can be replicated in most areas of the bilateral relationship. The first is that we are not dealing with a single bilateral relationship, but rather with a set of 20 bilateral relationships between Australia and the various Latin American countries. This introduces enormous complications into the coordination of international positions and requires the very expertise that official Australian reports have consistently found lacking. Despite this challenge, Levy and Ross are clear that there is enormous space for cooperation and collaboration because many environmental challenges are shared by Australia and Latin America. Perhaps more significantly the authors also point to existing, but scantily used multilateral mechanisms that might be leveraged fruitfully to boost intercontinental relations in this policy area.

Two chapters, both authored by Pierre van der Eng and Don Kenyon, focus on the core concern of the two parliamentary reports, namely bilateral economic relations. Their story is not particularly surprising. Bilateral trade and investment flows are increasing, but not at a dizzying rate. The substance of the economic relationship remains in the mining and energy sectors, although there is a rising tide of Latin American investment in Australia. The conclusions van der Eng and Kenyon offer would be familiar to the drafters of the parliamentary reports, focusing on the great potential for trade with Latin America as well as the rewards that could be reaped through deliberately coordinated approaches to a wide range of international issues. The message is not lost on Australian government policy-makers, but the abiding problem remains the lack of career-enhancing rewards for officials who elect to specialise on Latin America.

A common theme in the Senate and House of Representatives documents is that culture and diaspora can provide the impetus to build and sustain intercontinental relations. The four chapters in the book’s second section take up this idea.
As Victor Del Río points out in the seventh chapter, the Latin American diaspora in Australia has not been a great deal of help with the cultural education of other Australians. While there have been a series of waves of Latin American immigrants to Australia, they have not formed the sort of vibrant and high visibility diaspora communities found in and around Greek and Italian descendants. Media coverage of Latin America has not helped matters. The picture painted by John Sinclair is one of scanty coverage despite efforts through government-launched networks such as SBS. Sinclair also points to the similarities in media industry structure, but highlights that this does not appear to have had much impact on the intercontinental relationship. In the ninth chapter Ralph Newmark engages in a detailed survey of the penetration of Latin American culture in Australia. The commercial importance of culture highlighted by Newmark stands as a useful reminder of how significant the unspoken and uncodified rules of social relations can be in successfully navigating intercultural experiences. Indeed, this is the central theme of Bob Hodge’s chapter, which critically examines Australian myths about the difficulties and challenges of doing business in Latin America. The key, Hodge argues in this final chapter, is getting the conceptual translation right. At a fundamental level there is a great deal of similarity between Latin American and Australian attitudes to doing business if you take the time to understand the reasons for the seemingly bizarre response in each country to their national bureaucratic and administrative contexts.

The heartening theme that emerges from the individual papers collected here is that there is a foundation for building Australia–Latin America relations, but one that needs a great deal of further development. This is reflected in the sorts of research strategies that the contributors have had to undertake to fulfil their individual briefs. Existing material on Australia–Latin America relations is thin, particularly if we turn our attention to the contemporary context. The data and analysis collected here thus constitute an important initial step to a greater and more engaged understanding of intercontinental relations, providing one of the only considered assessments of material on the subject.

The major implications from the studies printed here are twofold. First, the Australian government needs to take a far more sustained and deliberate approach to engagement with Latin America. There are signs that this has begun with the opening of Australian diplomatic missions such as the embassy in Peru, and a Consulate General in Bogotá, as well as a growing list of ministerial and even prime ministerial visits. But the proof is at the working level within the bureaucracy, where it remains difficult for officials to build a successful career around a Latin American specialisation.

The second major implication is for business sectors in Australia, including the education sector. An attitude that focuses on the region simply as a market is not likely to reap many rewards. Simply put, Australian attempts to penetrate
Latin markets are always going to have to compete with existing relationships that regional actors have with their North American and European counterparts. A long-term investment in relationship building is the key, particularly in the major export sectors to the region, such as education. The early signs are that this idea is being taken seriously, with a series of high-level trips being organised by groups such as the Global Foundation and the G8 Group of Universities. Likewise, organisations in Australia are working to bring Latin Americans across the Pacific to events such as the annual Diggers Conference; the annual Australian National Centre for Latin American Studies ‘Latin America and the Shifting Sands of Global Power’ conference at The Australian National University; and the Melbourne–Latin America dialogue at the University of Melbourne.

Positive developments and outcomes over the last few years have to be recognised and celebrated. But this book is not simply a list of cheerful developments. It also attempts to identify serious gaps and policy failures or weaknesses. The editors and authors hope that in this way it has made a contribution to a relationship of enormous potential in the future.

Many people have contributed to the production of this book. However, we would like to thank, above all, the Council on Australia Latin America Relations and, especially, its inaugural Chairman, Bernard Wheelahan. Without his support and that of the Council this book would not have been possible. Its weaknesses are, of course, the responsibility of the authors.

References

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