



COLLABORATION, INNOVATION & OPPORTUNITY

Report of the

AUSTRALIA-GERMANY
ADVISORY GROUP

November 2015

INTRODUCTION

Dr Angela Merkel, Chancellor of the Federal Republic of Germany

The Hon Malcolm Turnbull MP, Prime Minister of Australia

We are pleased to submit to you the report of the Advisory Group established in November 2014 in Sydney to identify ways to broaden, strengthen and deepen the relationship between Australia and Germany.

The Advisory Group has been a successful initiative and we, as Co-Chairs, and the Group's members have built highly productive working relationships. The Group met as a whole twice, on 10 July 2015 in Berlin and on 23 October 2015 in Canberra. In addition, there have been several ad hoc meetings between Australian and German members responsible for particular subject areas.

From the beginning of our work, there has been a close complementarity of views between the Australian and German sides. We both see clearly the enormous opportunities to build a bilateral relationship of genuine substance. Our discussions have covered a wide range of aspects of possible cooperation.

Australia and Germany are natural partners and there is a strong foundation on which to build.

The logic of an enhanced relationship is clear:

- There is genuine warmth in the interpersonal interactions between Australians and Germans, based on the contribution that the many Australians of German descent have made to Australia's development and on long-standing historical and people to people links;
- We have many common interests and shared values, reflected in our systems of government and adherence to the rule of law;
- We both play active roles internationally - including in maintaining peace and defending democracy - and in our respective parts of the world;
- We have both demonstrated international leadership through our involvement in important global institutions, including the G20 and the United Nations Security Council;
- Europe, with Germany playing a leading role, is a very significant economic partner for Australia, while Australia welcomes Germany's increasing engagement in the Indo-Pacific, the world's fastest-growing region;
- Germany and Australia are both significant economies – the world's fourth-largest and twelfth-largest – and major trading nations;
- We want to work closely together to tackle key international challenges, such as terrorism, piracy and people smuggling and to implement the 2030 Agenda for Sustainable Development; and
- We have high quality education, research, cultural and sporting sectors which stand to gain from even closer cooperation.

The work undertaken by our Advisory Group is long overdue. It represents perhaps the first time that Australia and Germany have given serious strategic thought to our relationship. Our challenge is to move the relationship beyond the obvious inter-personal warmth demonstrated, for example, by the steady exchange of tourists and working holiday visitors between each country. Both sides need to overcome the perception of geographical distance as a barrier to a closer, deeper relationship and inject the priority, substance and structure into a relationship befitting two countries that are major economies and important, like-minded international and regional players.

For example, the dialogue between our Governments and Parliaments should be intensified on strategic, economic and social issues. We should create structured exchanges on major international challenges involving our experts and think tanks. Our trade and investment relationship is not as strong as it could and should be for two major and complementary economies. We could work together more closely in the fastest-growing region of the world, the Indo-Pacific. Particularly fruitful could be an exchange on the empowerment of girls and women and diversity in politics and business. Student exchange numbers are weaker than we would want them to be. And we can do much more together in areas such as research, culture and sport.

This report proposes a series of initiatives aimed at adding substance and bringing our relationship into the 21st century.

In so doing, we have identified a number of actions that point to the future of our relationship. They flow from major programs in both countries (such as Germany's 'Industry 4.0' policies), from areas where we have strong shared interests (such as energy) and where we can exchange experiences and learn from each other (including commercialising research, work on city planning and on immigration).

In putting forward recommendations, we have been careful to ensure they are not just vague ideas that would be nice in an ideal world. We want to ensure they are implemented and not just shelved. We believe strongly, as an Advisory Group that, if put into operation, the report's recommendations will be of great benefit to both countries and help create an enormously positive – and modern – relationship between Australia and Germany.

Importantly, your continuing commitment to this project will enable us to take the relationship between our two countries to a new level. Your authority as leaders of our two countries prioritising the development of the sort of relationship this report proposes and the implementation of its recommendations will carry enormous weight. It will signal to our citizens, our businesses and investors, our politicians and officials, our research institutions and our students, sportspeople, artists and musicians that you, as Prime Minister and Chancellor, attach real importance to creating the calibre of bilateral relationship the Group's members believe is possible and desirable.

Attached to this introduction, for your consideration and approval, is a series of practical and exciting initiatives across a wide range of areas, including options for their implementation.

We commend the recommendations of the Australia-Germany Advisory Group for your consideration.



Dr Maria Böhmer
German Minister of State in the
Federal Foreign Office
Australia-Germany Advisory Group Co Chair



Senator the Hon Mathias Cormann
Australian Minister for Finance
Australia-Germany Advisory Group Co Chair

OUTCOMES AND RECOMMENDATIONS

Five themes guided the Group's work, which aims to give a modern agenda to a long-standing relationship. These are:

- A. Increase trade and investment**
- B. Improve strategic dialogue and collaboration**
- C. Strengthen cooperation on science and education**
- D. Exchange on diversity, migration, integration and refugees**
- E. Enhance cultural and sporting links, and cooperation on wine making.**

The Group's 59 recommendations are listed below under relevant themes and sub-themes.

A. Increase trade and investment

Trade and investment flows between Australia and Germany are significant, reflecting both countries' open markets and high ratings for ease of doing business. However, for countries which are the world's fourth and twelfth largest economies, the full potential of the bilateral commercial relationship has not been reached.

The Group considered a number of ways to mitigate or remove barriers to bilateral trade and investment. Members acknowledged the transformational effect that a future European Union - Australia Free Trade Agreement would have in opening new markets. Modernising bilateral tax arrangements and facilitating easier movement between labour markets through appropriate recognition of relevant qualifications would enhance business conditions.

Members recognised the value of direct business to business interaction and considered a number of mechanisms to enhance this. Matching Germany's expertise in developing high-tech solutions with Australia's prowess for innovative implementation would take advantage of our economic complementarities and respective thought leadership. Members noted the potential for cooperation in global energy markets, given Germany's objective to diversify its energy supply and Australia's position as a major energy exporter.

Deepen business links by removing barriers to trade, investment and people movement between Australia and Germany

1. Germany will provide ongoing support in the EU for the commencement of negotiations on an **Australia-EU Free Trade Agreement**.
2. Both governments will develop a new **MOU on qualifications recognition**, replacing the 1998 agreement.
3. Germany and Australia will sign a new **Double Taxation Treaty** in November 2015.
4. Subject to the final decision by the Asia-Pacific Committee of German Business, Australia will host the **2018 Asia Pacific Conference of German Business**.
5. The Australian Embassy in Jakarta will deliver **an event for Australian, German and Indonesian business and government representatives** to help build trilateral cooperation involving the public and private sectors.

6. As part of the Government's efforts to lift investment attraction capability, Australia will establish a Trade Commissioner (Investment) position based in Frankfurt to **promote and attract FDI**, as well as strengthen the trade and international education relationship.
7. The Australian Trade Commission will coordinate **a visit to Australia by German multi-national corporations** via a targeted trade fair/business matching event.
8. Australia will explore measures that could facilitate the freer movement of human capital involved in key innovation industries between Australia and Germany, including consideration of when a Premium Investor Visa or other **mobility and talent attraction measures** could be applied to Germany.

Broaden collaboration on digital transformation, including the 'Internet of Everything', STEM and ICT education

9. Australia and Germany will strengthen bilateral engagement on digital government to be conducted through Australia's Digital Transformation Office and Germany's counterpart agency.
10. SAP and Siemens will collaborate with government and industry in both countries to promote increased thought leadership on digital transformation, including initiating a **collaborative approach to the development of global Industry 4.0 standards**.
11. Australia will investigate opportunities to work with Germany through the **OECD's Southeast Asia Regional Programme on Education and Skills**, including by benchmarking occupational standards and strengthening industry engagement in training systems in Asia.

Strengthen dialogue on energy, energy security, and climate change related matters

12. Australia and Germany will establish a **bilateral working group on energy and resources**. The group will explore how Australia, as a net exporter of energy and resources, can support German needs. It will discuss climate change, including lessons and opportunities from Germany's energy transition (Energiewende). The Group will explore options for involving non government institutions in innovative energy research fields.
13. The Australian Strategic Policy Institute will undertake a study on Australia's role as a strategic supplier of LNG, which will include a focus on potential options **for a strategic relationship with Germany on energy security**.
14. Australia and Germany will **enhance government-to-government dialogue on international energy governance reform** at major multilateral meetings.
15. Australian and German business representatives will hold an **inaugural workshop involving Australian-based LNG producers and German buyers** in the margins of the LNG18 conference in Perth in 2016.

B. Improve strategic dialogue and collaboration

Australia and Germany are important players in our respective regions, as well as being like minded on many key international issues and sharing core values. The rise of globalisation and new powers has increased the rationale for Australia and Germany to enhance our exchange and cooperation on the most pressing strategic challenges. Yet the bilateral architecture for our ministers and strategic thinkers to exchange views and work together is undeveloped. The Group proposes a number of recommendations to address this.

Establish new government to government links on foreign, defence, and security policy between Australia and Germany

16. Starting in 2016, Germany and Australia will inaugurate an annual '**2+2**' **strategic dialogue** involving Foreign and Defence Ministers from both countries.
17. Both countries will work to strengthen bilateral dialogue **on security, especially counter-terrorism issues**, with an initial meeting between Ministers responsible for counter-terrorism to be held in early 2016.
18. Australia's Department of Foreign Affairs and Trade and Germany's Federal Foreign Office will initiate a formal **exchange of diplomatic officers**, involving 6 to 12-month placements in respective foreign ministries.

Strengthen dialogue on European and Indo-Pacific issues

19. Australia and Germany will inaugurate in 2016 an **annual bilateral 1.5 track dialogue**, jointly hosted by the Australian Strategic Policy Institute and the German Institute for International and Security Affairs.
20. Australia and Germany will inaugurate a regular **Asia Dialogue** at senior officials' level.
21. The regular bilateral **Development Dialogue** at senior officials' level will be sustained and enhanced.

C. Strengthen cooperation on science and education

A diverse suite of joint activities in science and education is underway, both at government to government and institute-to-institute levels. However, our complementary interests – recognising Australia's strength in basic research and Germany's strength in research commercialisation, for example – create space for further cooperation. Extending commercialisation and collaboration between publicly funded research organisations and business would enhance productivity and diversify both economies.

The Group noted the potential for Australia's Industry Growth Centres, Cooperative Research Centres and the Commonwealth Scientific and Industrial Research Organisation, and Germany's Leading Edge Clusters and Fraunhofer Society, to continue working together to improve global value chain integration and new product and service development. The Group highlighted the importance of tertiary student exchanges at all levels to create the foundation for future research collaboration, and appropriate funding mechanisms to facilitate intensified scientific exchange.

Increase collaboration on innovation and commercialisation

22. A new joint advanced materials institute will be established in Australia to fund and manage research interactions between Australian and German industry and academia, and the German Fraunhofer Institute.
23. Relevant government agencies and research institutions in both countries will negotiate a major **commercialisation best practice exchange**, including intensified cooperation between Australian Industry Growth Centres and German Leading Edge Clusters.
24. Australia's Department of Industry, Innovation and Science will coordinate a **pilot innovation workshop on research linkages in Germany**, including a study tour, in 2016 or 2017.
25. Both governments will consider establishing agreements with industry associations to organise and conduct road shows and partnership agreements with leading companies with the aim of **connecting Australian and German businesses to supply chain and investment opportunities**.
26. Both governments will explore options for **matching regions in Australia and Germany** that are transitioning out of extractive industries into advanced manufacturing, engineering and other end points.
27. Both governments will consider, where appropriate, opportunities for **co-investment in and shared use of major international scale research** projects.
28. Both governments will enhance the **Australian presence on the 'EURAXESS Researchers in Motion' online platform**, building on the existing promotion of Australian research collaboration opportunities in Europe.

Explore opportunities to increase student exchanges between Australia and Germany

29. The Group recommends that tertiary sectors in both countries consider options to increase the number of **student exchanges** at undergraduate and postgraduate levels, including fixed fee and scholarship arrangements.
30. The German Government's **International Research Marketing Programme** will focus on Australian students.
31. The Australian Embassy in Berlin will host a targeted networking event to promote the Australian Government's **Endeavour Scholarships and Fellowships** to German students.
32. Building on work done already by the German Federal Enterprise for International Cooperation, Australia and Germany will pursue further opportunities for **student industry placements** in German-based Australian companies and Australian-based German companies.
33. The Group recommends that a select number of places in the German Bundestag's **parliamentary internship program** and the Australian National University's Australian National Internships Program be opened to Australian and German students respectively.

34. An internet database, hosted on existing Australian and German websites, will be established listing all **English-language degrees offered by German universities**.

Intensify ongoing and sustained conversations on science, research, education and training

35. To complement opportunities offered by the German Government and the Humboldt Foundation to Australians, the Australian Government, Australian universities and research institutions will explore options to **strengthen and extend existing linkages** with German universities and research organisations.
36. We propose to explore the establishment of an **Australian Studies Centre in the Berlin-Brandenburg region**, subject to finding a suitable funding arrangement.
37. The Australian research sector should consider establishing the position of **Australian Research Coordinator** in Germany, possibly based at the new Australian Studies Centre in Berlin-Brandenburg.
38. **Australia will consider Lindau Foundation membership** to further support its work fostering exchanges among scientists.
39. Germany's Federal Ministry of Education and Research and Australia's Department of Education and Training will commit to a 10-week **exchange of officers**.
40. Both Governments should consider pursuing an enhanced **professional development exchange programme for political advisors in the science sector**, building on existing exchange mechanisms coordinated by Germany's Federal Ministry of Education and Research and Australia's Department of Industry, Innovation and Science.
41. A **German Australian Year of Science** will be held as a joint initiative between Germany's Federal Ministry of Education and Research and Australia's Department of Industry, Innovation and Science.
42. The Australian Embassy in Berlin and the German Embassy in Canberra will continue hosting **Science Circle Events** as forums for exchange on science, research and education policy.

D. Exchange on diversity, migration, integration and refugees

Migration and integration are major tasks for the future of both Germany and Australia. This is not merely a matter of safeguarding our countries' innovative capacity and competitiveness – it also concerns the participation of each and every individual in society, the cohesion of our societies, and shared values in the face of growing diversity. The Group also recognised the importance of empowering women and girls in migration and integration policies.

Better understand one another's approaches to migration and integration

43. The Australian and German Governments will engage in a **best practice dialogue** on migration, integration, and attracting skilled workers.

44. To **intensify collaboration at the multilateral level**, Germany and Australia will consult on the topic of support for integration at a major UN migration conference scheduled to take place in mid-2016 and could plan a side event in the margins of the conference.
45. Both countries will **explore collaboration between respective cities** and municipalities (such as sister city arrangements) on approaches to the integration of migrant communities.
46. To enhance the dialogue on refugee policies, the **Bertelsmann Foundation** will invite Australian experts and stakeholders into its *Migration Strategy Group on Refugees and Asylum*.
47. Australia and Germany will continue to encourage new ways for their **private sectors** to support the integration of migrants, including through training institutions and employment services.
48. Noting the positive impact of **recognising professional skills** on successful integration, both countries will continue to encourage professional bodies to consider appropriate recognition of previous employment and will consider making training periods shorter for relevant migrants who already have demonstrated skills.
49. The Diversity Charter Association will invite interested **Australian companies to the 2016 Diversity Day in Berlin**. This day of action allows companies and institutions to publicly commit to diversity. Members of the Association with offices in both Germany and Australia, such as SAP and Daimler, could establish a **forum for diversity** discussions with other companies. An exchange on diversity could also be established between experts, for example through interested universities.

E. Enhance cultural and sporting links, and cooperation on wine making

Australia and Germany enjoy long-standing cultural and people-to-people links, reflected in the almost 900,000 Australians of German ancestry and the large number of German tourists who visit Australia each year (187,000 in 2014). Both countries are vibrant cultural centres, with Australia displaying a modern sensibility along with our unique Indigenous heritage, and Germany acknowledged as one of the world's leading locations for innovation and excellence in cultural pursuits. The Group recognises the significant positive effect of cultural and sporting exchange in building mutual understanding and respect between societies. Both countries' shared traditions in wine making were identified as a further area for culture and knowledge exchange.

Build on current platforms to take bilateral cultural exchange to the next level

50. Australia's Department of Foreign Affairs and Trade will designate **Germany as the focus country of its cultural diplomacy program, 'Australia now'**, in 2017. Within this program, a diverse array of cultural exchange will occur, potentially including film retrospectives, photography exhibitions, crossover events, wine appreciation, institutional exchanges and collaboration between emerging and established professionals in both countries.
51. Australia will specify **Germany as a priority country** under the National Program for Excellence in the Arts' international touring and cultural diplomacy stream.

- 52. Australia and Germany will explore ways to develop and strengthen **cooperative partnerships in the arts and cultural sectors**, including through encouraging bilateral exchanges and collaboration between arts and cultural organisations.
- 53. The Canberra Symphony Orchestra and the Saarländisches State Orchestra will undertake a **joint performance program** in Australia.

Extend sporting cooperation beyond the playing field

- 54. A **new Australia-Germany MOU on sporting cooperation** will be negotiated, setting high-level direction for cooperation in women's, men's and youth sport.
- 55. The **MOU between the German Football Association and Football Federation Australia** will be renewed.
- 56. Australia's Department of Foreign Affairs and Trade will support **trilateral cooperation with Germany to develop football in South-East Asia**.
- 57. Australia's Department of Foreign Affairs and Trade will work with Football Federation Australia to develop a **pilot sport-for-development program** with ASEAN, and will investigate German involvement in line with the renewed MOU.
- 58. Australia and Germany will explore options for **friendly matches** between the men's football teams of Germany, Australia and selected major Asian national teams to be hosted in Asia in 2018/19.

Strengthen cooperation on wine making

- 59. Australia and Germany will explore opportunities to increase **cooperation between wine industries** through the exchange of knowledge, technology, and personnel.

Conclusion

We, the members of the Australia-Germany Advisory Group, believe these recommendations form a strong basis to appropriately broaden, strengthen and deepen the Australia-Germany relationship over the coming five years. Diligent implementation will be crucial and should not be left solely to government. Businesses, industry groups, academic institutions, arts bodies and sporting groups alike have an important role. We look forward to witnessing the beneficial outcomes which will be achieved for people in both our countries and to the deeper friendship and cultural, economic and strategic understanding between our two countries as a result.

The Australia-Germany Advisory Group
13 November 2015



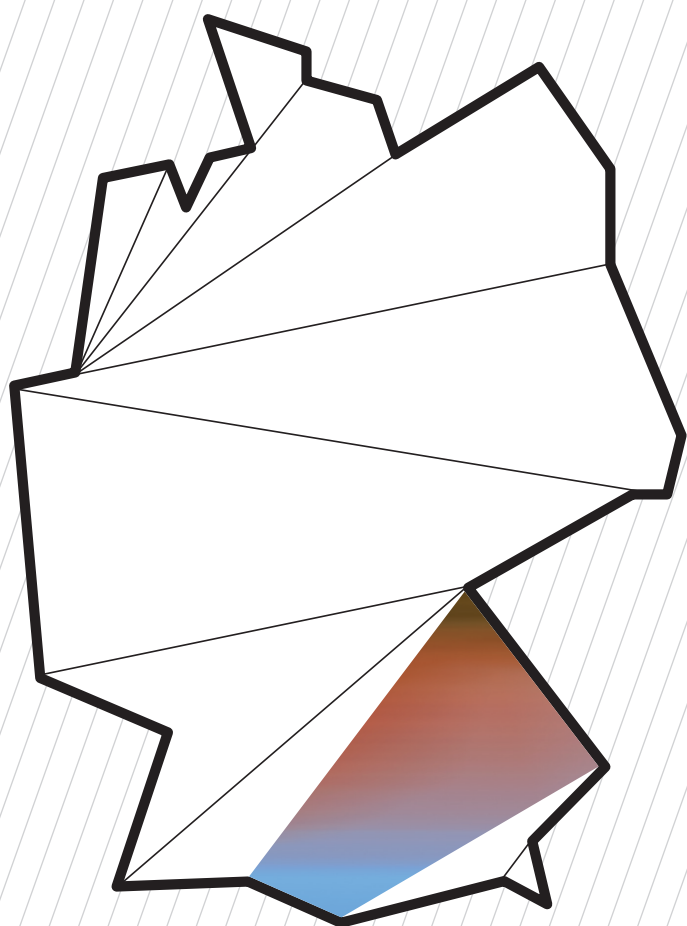
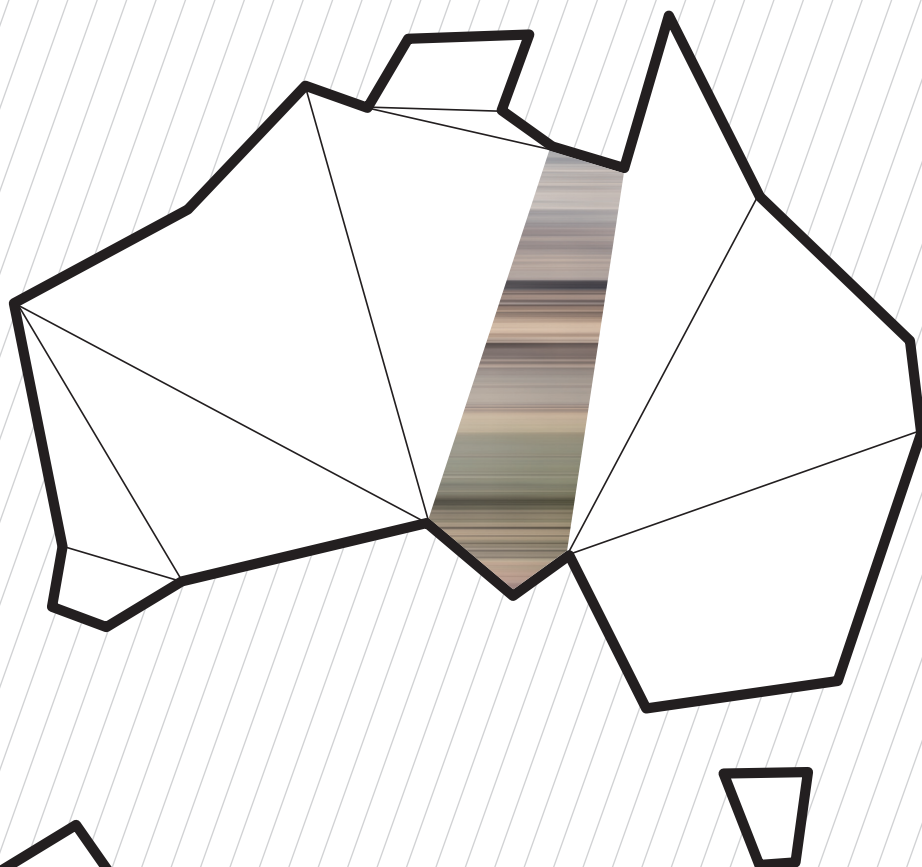
Members of the Australia-Germany Advisory Group meet German Chancellor Angela Merkel in Berlin.

Front row (left-right): Minister of State Dr Maria Böhmer, Ms Lucy Turnbull AO, Chancellor Angela Merkel, Senator the Hon Mathias Cormann. Second row (left right): Mr Volkmar Klein, Dr Nicholas Milton, Professor Brian Schmidt AC, Mr Peter Coleman, Professor Anja Schwarz. Back row (left-right): Professor Volker Perthes, Mr Jeff Connolly, Ambassador Christoph Müller, Ambassador David Ritchie AO, Mr Peter Jennings PSM. (Advisory group members not present: Mr Michael Chaney AO, Mr Barrie Kosky, Mr Bernd Leukert).



Members of the Australia-Germany Advisory Group meet Prime Minister Malcolm Turnbull in Canberra.

Left-right: Dr Nicholas Milton, Professor Brian Schmidt AC, Ambassador David Ritchie AO, Minister of State Dr Maria Böhmer, Ms Isabella Groeger-Cechowicz , Mr Peter Jennings PSM, Prime Minister the Hon Malcolm Turnbull MP, Ambassador Christoph Müller, Ms Lucy Turnbull AO, Mr Michael Chaney AO, Senator the Hon Mathias Cormann, Mr Volkmar Klein, Professor Volker Perthes, Professor Anja Schwarz, Mr Jeff Connolly. (Advisory Group members not present: Mr Barrie Kosky, Mr Bernd Leukert). Photo: *Auspice*.



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