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## Australia needs a complex economy 'to ensure future growth and reduce vulnerability to foreign powers,' report says



Los Angeles/DNA (ots) -

Australia boasts some of the world's most sophisticated political institutions and one of its wealthiest economies. But a "ticking time bomb" of overreliance on extractive industries must be addressed under Australia's next government, a new report recommends.

The country's current development is resulting in "rising political polarization, deepening inequality and heightening exposure to the deeper geopolitical tensions emerging between the U.S. and China," according to an [Australia BGI Report](#) on the country's governance performance, released eight days before the May 3 election.

Based on the [Berggruen Governance Index \(BGI\)](#), the report was conducted by researchers from the Los Angeles-based Berggruen Institute think tank, the Luskin School of Public Affairs at the University of California Los Angeles (UCLA) and the Hertie School, a German university.

According to the report, Australia has long benefited from favourable economic, geopolitical and demographic conditions, scoring highly on almost all governance measures in the BGI. But cracks are starting to show.

Eroding public trust in government is providing "the backdrop for a hotly contested federal election," during which the centre-left Labor Party is seeking to defend its majority against the centre-right Liberals.

While the Labor Party was previously projected to lose after a lacklustre post-pandemic economic recovery, it has recently risen in the polls - a reversal mirroring a similar trend in Canada, in which U.S. President Donald Trump has amplified negative associations with conservatism. Now, the Australian Labor Party is projected to win by a slim margin.

However, the stresses that have plagued the Labor Party "will persist regardless of who prevails in May," said the Australia BGI Report.

Despite ranking 9th globally in GDP per capita, Australia ranks only 99th worldwide in the Economic Complexity Index (ECI).

"Its reliance on extractive industries has reduced the incentive to diversify and weakened other parts of the economy," said the report. Iron ore, coal, petroleum, gold, and other minerals comprise the five largest products sold abroad, accounting for more than half of all exports.

Instead of moving away from this reliance, "Australia has in many ways doubled down." And one of its biggest customers is China.

While Australia is increasingly economically dependent on China, it's also long relied on the U.S. security guarantee. In the context of a growing U.S.-China rivalry, this puts Australia in a precarious position.

Only with a more complex economy, the report said, "can Australia ensure future growth and reduce vulnerability to foreign powers like China and the U.S."

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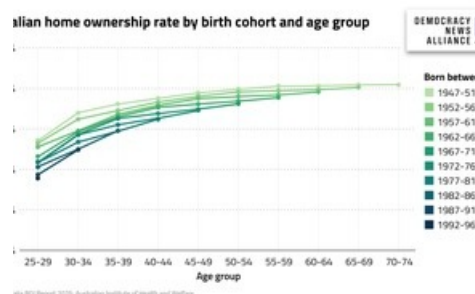
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## Medieninhalte



Australians head to the polls on May 3 to elect members of the 48th Parliament of Australia. All 150 seats in the House of Representatives in Canberra (seen here) and 40 of the 76 seats in the Senate will be contested. (Photo by David Gray/AFP) / The use of this image for editorial purposes is permitted and free of charge provided that all conditions of use are complied with. Publication must use image credits. / More information via ots and [www.presseportal.de/en/nr/174021](http://www.presseportal.de/en/nr/174021) / The use of this image for editorial purposes is permitted and free of charge provided that all conditions of use are complied with. Publication must include image credits.



A significant source of political tension in Australia is an acute lack of housing affordability, particularly for low-income and younger households. As this graphic shows, only around 36 per cent of Australians born between 1992 and 1996 owned a home between the ages of 25 and 29, whereas more than 54 per cent of those born between 1947 and 1951 did when they were that age. Rental affordability is also at record levels, particularly in larger cities. (Infographic: The Canadian Press for DNA) / The use of this image for editorial purposes is permitted and free of charge provided that all conditions of use are complied with. Publication must include image credits. / More information via ots and [www.presseportal.de/en/nr/174021](http://www.presseportal.de/en/nr/174021) / The use of this image for editorial purposes is permitted and free of charge provided that all conditions of use are complied with. Publication must include image credits.

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