



Export Council of Australia

The Voice for Australia's Exporters

## TRADE & INVESTMENT TOP PRIORITY IN THIS YEARS BUDGET

**Trade is a key driver of jobs, innovation and long-term prosperity for Australia. Increasing trade and investment is absolutely crucial to unlocking Australia's future economic growth.**

Australian firms enjoy more opportunities to expand internationally than ever before. This is in the context of increasing international demand for our products and services and new opportunities opened up by recent liberalising trade agreements with our largest trading partners.

The ECA applauds the range of connected measures introduced in the 2015 Budget that will help Australian companies take advantage of trade agreements and facilitate new international business opportunities.

Over the last couple of years, the ECA has been persistent in advocating on behalf of its members and is pleased to now report progress across a number of trade and investment related issues that will ultimately advance our member's interests.

The ECA's 2014/2015 Trade Policy Recommendations, the ECA called for:

- 1) **Improving competitiveness through regulatory reform and trade facilitation:** Unnecessary regulation needs to be cut so we can improve the movement of goods across borders.
- 2) **Building infrastructure and supply chain efficiencies:** Australia's infrastructure must keep pace with growing demand.
- 3) **Enhancing Investment:** Investment is critical to Australia's growth and we face tough competition.
- 4) **Supporting Innovation:** Innovation is the way of the future for advanced economies. We need to lift our game.
- 5) **Advancing Trade Development:** Australia needs to be stepping on the accelerator, not the brake, in terms of investment in trade.
- 6) **Leveraging Free Trade Agreements:** We have them, now we need to work on utilising them.

This year's budget is a win for trade and investment, with significant funds being allocated to support all of the above six ECA recommendations.



**Key outcomes for trade and investment in the budget are:**

	Funding (\$m)	Time period
<b>Trade &amp; Investment</b>		
Australia Week Events	\$18.0 million	Over 4 years
Match Australia	\$5.2 million	Over 4 years
Free Trade Agreement Promotion	\$24.6 million	Over 2 years
Strengthening Australia's ability to attract foreign investment	\$30.0 million	Over 4 years
Developing Northern Australia - positioning the north as a leader in tropical health	\$15.4 million	Over 4 years
<b>Infrastructure &amp; Trade Facilitation</b>		
Trusted Trader Program- pilot program	\$5.6 million	Next 12 months
Beef cattle infrastructure in Northern Australia	\$100 million	Over 4 years
The Tasmanian Freight Equalisation scheme will include a \$700 rebate on twenty foot equivalent unit for export products.	\$700 million on rebate	This is estimated to cost \$202.9 million over four years.



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## 1. Trade & Investment:

- **Free Trade Agreements:** \$24.6 million to assist Australian businesses make the most of the export opportunities created by the trifecta of FTAs with China, Japan and Korea. Activities will include roadshows, advertising, an online tool and regional training.

The ECA called for this in its 2014/15 Trade Policy Recommendations (TPR) for Government:

*“Place greater emphasis and investment in raising the overall awareness of the impact of recent FTAs for particular industries and provide practical, user-friendly information to assist individual businesses, especially SMEs, utilise FTAs. This could be achieved through the creation of an online educational FTA tool, which includes information on where companies can go to access professional advice.*

*Ensure that trade outcomes become a greater priority of DFAT and that engagement and cooperation between DFAT and Austrade be improved—particularly in the outreach on FTAs—thereby ensuring a stronger trade voice in economic policy setting.”*

The ECA is also developing an FTA Tool with the support of ANZ. The FTA Tool, is a website designed to help Australian exporters navigate the basics of Australia's FTAs quickly and easily.

The FTA Tool will be released in July 2015 and the ECA has been working with government agencies to ensure that the site will complement the online dashboard-portal being developed by DFAT.

- **Australia Week:** \$18 million for an expanded series of Australia Week trade missions and promotional events in China, India, the United States and ASEAN.
- **Match Australia:** \$5.2 million over four years from 2015-16 to expand the Match Australia sports business programme. Match Australia establishes business networking events aimed at linking Australian firms with business partners by leveraging major sporting events in Australia and overseas.

The ECA strongly believes that this program can provide a platform for Australian companies to drive deals around major sporting activities and develop long term business relationships as a result.

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- **Investment:** \$30 million will be spent over 4 years to attract major investments in the priority areas of infrastructure; tourism; resources and energy; agribusiness and food; and advanced manufacturing, services and technology. Funding will support investment specialists in Australia, additional staff overseas, promotional events, and market research.

Facilitating greater flows of inward investment is something the ECA has supported in its 2014/15 TPR.



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- **Expanding Diplomatic Footprint:** 5 new embassies or posts will be opened including in Qatar, Indonesia, and Thailand. These new posts will support Australia's trade and investment relationships with respective countries.
- **EMDG:** The Government is aiming to increase the number of total EMDG recipients to 3,800, which is what the ECA called for in its submission to the 2015 EMDG Review.

The ECA is disappointed that the scheme has not received the additional funding the ECA advocated for at this stage. We will continue to engage with government on this issue and look forward to the result of the 2015 EMDG Review.

## 2. Infrastructure & Trade Facilitation

- **Coastal Shipping:** Coastal shipping reforms will be introduced which foster a more competitive coastal shipping industry which better supports Australia's transport needs.

*"Reform coastal shipping regulation, with the review of ownership and access to stevedoring facilities and empty container parks, relief of congestion at those facilities, and the regime of fees charged for container detention being subject to reform as a matter of priority." . TPR 2014/15*

- **Northern Australia:** The White Paper on Developing Northern Australia will establish a framework for the development of Northern Australia. As previously announced, the Government will spend \$100 million on beef cattle road infrastructure in Northern Australia. The ECA supports this initiative as it will help put our Northern Territory communities on the world stage.
- **Tasmania:** The Tasmanian Freight Equalisation Scheme will include a \$700 rebate on twenty foot equivalent unit for export products. This is estimated to cost \$202.9 million over four years.
- **Trusted Trader:** The Government will continue to develop the Trusted Trader Program (TTP), which will expedite cargo clearances for Australian companies engaged in international trade. The ECA has long called for the introduction of a Trusted Trader program in Australia and we are pleased that additional funding has been provided to implement the pilot.

*"Adopt measures to support trade facilitation advancements and the TTP, including the allocation of the appropriate resources necessary to develop and implement TTP within the specified timeframe. This should include an educational outreach campaign to all parties in the supply chain." . TPR 2014/15*



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## 3. Small Business

- **Tax cuts:** 1.5% tax cut for small companies (less than \$2 million turnover) is being introduced as well as a 5% tax discount for unincorporated small business
- **Depreciation Program:** A small business accelerated depreciation program will be introduced to June 2017. Any asset purchased by small business valued at \$20,000 or less can immediately be claimed as a full tax deduction.

## 4. Agriculture

The ECA supports the continued measures to improve agricultural competitiveness in the medium to long-term:

- **Agri White Paper:** The Agricultural Competitiveness White Paper will be released in 2015. The white paper will be the Government's plan to grow agriculture's competitiveness, and farm gate profitability, in support of Australia's prosperity.
- Programs announced in previous years, including support for small exporters and increased funding for research, continue.

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The ECA has for a number of years called for measures to improve the position of Australian businesses competing in the global market place.

Research recently conducted by the ECA reveals that some of our key international competitors, have since the Global Financial Crisis, invested in trade development and improving their business environment to spur economic growth. It is imperative that Australia does the same.

We asked the question last week as to whether the government will put trade as a key priority in this year's budget and the answer last night, was **YES!**

With 1 in 5 jobs related to trade, now is the time for Australia to invest in encouraging innovation, creating a competitive business environment, and fostering opportunities for international growth.

The ECA will be launching the results of a study that involved a review of trade promotion services across ten select countries.

The Advancing Trade Development report will be launched in July and provides a strong case for the need to invest in trade promotion.

### **About the Export Council of Australia**

The Export Council of Australia is the peak industry body for the Australian export community. The ECA is the next exciting step in the evolution of the Australian



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Institute of Export (AIEEx) which, for over 50 years, has had the interests of Australian exporters at heart.

If you have any questions or comments, please don't hesitate to contact us.

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