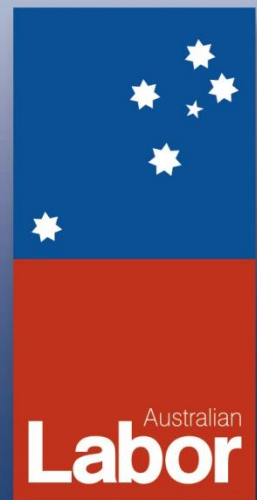


# Securing opportunities for Australia's exporters



**Julia Gillard and Labor**  
Let's move Australia forward



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ELECTION 2010

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## Overview

Federal Labor is committed to securing opportunities for Australia's exporters. In an increasingly interconnected world we need a strong economy at home and a level playing field abroad.

At home, Federal Labor will continue to help build a strong economy, lift productivity and deliver high quality jobs for Australians.

We are building a modern economy, founded on low inflation, low interest rates, low unemployment rates, enhanced productivity, greater competitiveness and strong public finances.

Australia was the only major advanced economy to avoid recession during the Global Financial Crisis. The Federal Labor Government's quick and decisive action helped avoid recession, saved jobs and stimulated economic growth.

As the Global Financial Crisis took hold, our immediate package of decisive fiscal measures supported domestic spending and confidence. Our economic stimulus sustained household spending, maintained confidence, supported construction, and supported investment.

Most importantly, our actions saved jobs. While unemployment rates skyrocketed in OECD countries, Australia experienced economic growth and our unemployment rate peaked much lower.

Internationally, Australia was at the forefront of efforts including in the G20 and APEC to guard against the emergence of protectionist trade policies in the midst and aftermath of the Global Financial Crisis.

Federal Labor's actions at home and abroad have ensured that Australia's overseas markets have remained open to our exporters.

Australia has just recorded its largest monthly trade surplus on record.

Australia is a great trading nation and the Gillard Labor Government intends to keep it that way.

Trade generates more and better paid jobs for Australians. Almost 2.5 million Australians have jobs because of international trade. As well, we are building an education system that provides the skills and capacities that Australian companies need to draw on to compete successfully around the globe.

Australia needs overseas markets. The international trading system has served Australia well, but it can be better.

That is why Federal Labor will continue to vigorously and energetically push for better market access for all Australian exporters – farmers, miners, manufacturers, and service providers.

We will also fight for better market access through whichever process will deliver the best gains, whether through global trade agreements, agreements with groups of countries and bilateral agreements with individual trading partners.

Our focus is on improving access, enhancing predictability and reducing the complexity and costs of doing business overseas.

Federal Labor also knows that trade is interlinked with development and other social policy goals. In pursuing better trading outcomes, we will seek outcomes consistent with our other international goals and policy objectives, in particular on labour and environmental standards.

## What the Labor Government has achieved so far

The Federal Labor Government has continued the fight to break down barriers to Australian exports, pursuing every opportunity to improve Australia's trading performance.

Labor knows that Australian trade policy has to reflect the needs of all sectors in our modern economy.

Federal Labor has fought for a better deal for all our exporters – in particular by helping to ensure that there was no move to shut the doors on international trade in the face of the Global Financial Crisis.

We have elevated the focus given to our services exporters. In our bilateral and regional trade agreements, we have ensured that this focus sees our services exporters get better opportunities.

We have engaged with all sectors of the economy to pursue the new opportunities that matter for exporters, and work to remove the barriers that cause the most difficulties for our exporters.

### Multilateral trade liberalisation

Multilateral trade liberalisation is at the heart of Federal Labor's approach because it secures the best outcomes for the broadest range of Australian industries and exporters.

Australia's long-term national economic and security interests depend on having strong and effective multilateral institutions, norms and rules.

The Federal Labor Government has rebuilt Australia's standing in the World Trade Organization.

Australia is now recognised as a key player in the Doha Round of trade negotiations, our highest trade policy priority. We energised negotiations in agricultural and non-agricultural goods, and services.

Agriculture remains one of the most distorted sectors of international trade. Together with the National Farmers Federation, and other key industry bodies, we have boosted the standing and leadership role of the Cairns Group and fought for the removal of overseas subsidies and tariffs that damage Australian competitiveness.

Federal Labor has achieved market access wins in the agriculture sector, including an end to EU dairy export subsidies and the entry of high quality Australian beef products into Europe.

We also worked effectively with others to consolidate the G20 as the premier leaders' forum for international economic cooperation.

As the world grappled with the consequences of the Global Financial Crisis in 2008 and 2009, it was far from certain that the G20 would emerge as such a forum.

The Federal Labor Government worked assiduously to ensure that Australia took its seat at the table of G20 leaders.

The G20 reflects the realities of the new global economic order. It represents the most important shift in global governance in decades. For Australia, it is the most important new leaders' institution since APEC.

The G20 successfully addressed the Global Financial Crisis, acting in a coordinated and immediate way to stabilise the financial sector and build global confidence.

Australia was at the forefront of the G20's efforts to avoid protectionist international trade policies. As the Global Financial Crisis deepened, markets remained largely open and Australian goods continued to flow. Australia weathered the crisis better than any other major advanced economy.

### **Regional trade agreements**

The Federal Labor Government has set a new benchmark for Australia's trade engagement in the Asia-Pacific region.

**ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA):** Australia secured an agreement with ASEAN nations and New Zealand which spans 12 countries and some 600 million people with a combined GDP of over \$3 trillion.

Over time, AANZFTA will deliver tariff elimination commitments from the more developed ASEAN countries and Vietnam on between 90 and 100 per cent of tariff lines.

These cover 96 per cent of current Australian exports to the region. This means real export gains for Australian industries on products such as raw sugar, processed cheese, milk powders, wheat, sheep meat, aluminium, automotive parts and components, and education services.

The agreement is comprehensive and covers services and investment. AANZFTA will provide a much more transparent and certain environment for Australian investors in ASEAN.

**Trans-Pacific Partnership:** We have launched the Trans-Pacific Partnership (TPP) negotiations.

TPP negotiations involve Australia, the United States, New Zealand, Singapore, Chile, Brunei, Peru and Vietnam. Collectively, these countries are home to 470 million people and have a combined GDP of over \$17 trillion. A number of other countries in the region have also expressed interest in joining the negotiations.

Concluding a high quality TPP agreement will be a key regional priority for a re-elected Gillard Labor Government. The TPP aims to be a 21st century trade agreement that sets the standard for trade liberalisation in the region.

**Gulf Cooperation Council:** We are working hard on a comprehensive agreement with the Gulf Cooperation Council (GCC). The GCC comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The Gulf States are a major market for many Australian companies and such an agreement will maximise new opportunities for Australian firms in the Gulf.

**PACER Plus:** We successfully launched negotiations on a unique trade and regional economic framework with our Pacific neighbours – PACER Plus. Negotiations are underway with all the countries of the Pacific Islands Forum except for Fiji at this stage. We are championing efforts to deliver a modern agreement that is mindful of the diversity and unique challenges of our Pacific partners. PACER Plus will help create jobs, enhance private sector growth and raise living standards in these countries.

**APEC and the East Asia Summit:** We have reinvigorated our contribution to APEC, the Asia Pacific Economic Co-operation process. APEC remains the pre-eminent economic and trade forum in our region and we continue to strive for outcomes that reduce the cost of doing business in the region. Federal Labor has also supported the development of the regional economic integration agenda in the East Asia Summit.

### **Bilateral trade agreements**

Under Labor, Australia concluded an important trade agreement with Chile, a key South American economy. The agreement eliminates immediately Chile's tariffs on almost all Australian traded goods including exports of coal, dairy products, manufactured goods, meat and wine.

Building on our strong and vital trading relationships with China and Japan, the Federal Labor Government has breathed new life into negotiations on Free Trade Agreements with these two key trading partners. A re-elected Gillard Labor Government will work to resolve outstanding issues in these negotiations.

We have launched negotiations with Korea, our third largest export market, and are now nearing completion of a high-quality agreement.

We have also concluded Free Trade Agreement feasibility studies with India and Indonesia – both countries with enormous potential for growth. A key priority for a re-elected Gillard Labor Government is to commence negotiations on FTAs with India and Indonesia.

We are seeking an early conclusion to a Free Trade Agreement with Malaysia, which will deliver outcomes across a range of important sectors for Australia. Finalising agreements with Malaysia and Korea will be priorities for a re-elected Gillard Labor Government.

## Looking forward

Australia is well positioned to take advantage of new trends in international trade, and Federal Labor will continue to meet future trade challenges head on.

### Trade Negotiations

A Gillard Labor Government will continue to pursue new export market access opportunities for all of our export sectors, including agriculture, manufactured goods, minerals and petroleum resources, and services.

If re-elected, the Gillard Labor Government will continue to strive for an ambitious outcome for Australia in the WTO Doha Round. We will work to further the interests of our agricultural exporters, not just through better market access, but also through action to remove trade-distorting subsidies and non-tariff barriers.

We will press for progress in key services sectors of interest to Australia. Services are a crucial part of the Australian economy, comprising 80 per cent of our GDP. But there is still untapped potential for the export of Australian services into new foreign markets.

The Gillard Labor Government will continue to work closely with Australia's peak services industry body, the Australian Services Roundtable, to reinvigorate the services negotiations in the WTO Doha Round negotiations and in Free Trade Agreements.

We will continue to use existing WTO rules strategically and to maximum advantage. We will ensure that we vigorously defend our systems when challenged – which is why we are appealing the outcome in the WTO dispute on New Zealand apple imports.

Through our bilateral and regional free trade agreements, we will work with industry to target market access and unfair regulatory barriers that matter most to them – just as we have done in other negotiations.

Our aim is for the TPP negotiations to lead to strong outcomes in emerging and growing areas, including services, e-commerce and clean technology.

We will press ahead on the negotiations for a high quality FTA with the Gulf Cooperation Council.

We will bring our FTA negotiations with Korea and Malaysia to an early conclusion. We will continue to press hard to achieve ambitious FTA agreements with China and Japan.

We will commence FTA negotiations with India and Indonesia as soon as possible.

### Export Market Development Grant scheme

Federal Labor retains its long standing commitment to the Export Market Development Grant (EMDG) scheme.

We have extended the scheme for an additional five years. We provided additional funding for the EMDG scheme in 2008-09 and 2009-10. In each of these financial years, Federal Labor provided \$200 million for the scheme – the highest level since the former Coalition Government cut and capped the scheme in 1996.

The Gillard Labor Government is committed to responsible fiscal management and to returning the federal budget to surplus within three years. It is for this reason that the appropriation for the EMDG scheme this financial year is \$150 million.

While this was a difficult decision, if re-elected the Gillard Labor Government will continue to responsibly fund the EMDG scheme.

We are committed to working with industry to ensure that we maximise the utility to those who use the scheme within the total funding that is available.

### **Trade Finance and Export Promotion**

The Federal Labor Government has made it easier for small business to navigate trade finance, through the launch of the on-line Export Finance Navigator that provides a 'one-stop-shop' for exporters to help them take their businesses to the world.

We will continue to improve connections between small and medium enterprises, government programs that assist them, and export opportunities generated through improved market access overseas.

If re-elected, the Gillard Labor Government will make it easier for Australian exporters to obtain financial assistance by simplifying and expanding the powers of the Export Finance and Insurance Corporation (EFIC) to enable it to more effectively provide financial support. Simplification of EFIC's powers will reduce the cost burden on exporters accessing EFIC's services by streamlining the eligibility criteria. This will help small and medium enterprises to access EFIC's support.

Federal Labor has also bolstered the marketing of Australia's export potential, including through the *Brand Australia* initiative, which projects Australia as a confident outward looking and advanced exporter.

Under a re-elected Gillard Labor Government, Austrade will continue to work with Australian exporters to help them gain that extra edge when competing in world markets.

## The Coalition's record

The Coalition's approach to trade lacks vision, lacks substance and content, and will not deliver for Australia's exporters.

It remains hard to believe the Coalition takes trade seriously. As its trade spokesperson, the Leader of the National Party has been invisible in his role. He did not ask a single question on trade in the life of the last Parliament.

The Coalition has told us they will work to conclude the WTO Doha negotiations. This is from the same people who, when previously in government, went missing in action on multilateral trade and who, in 2009, openly questioned the value to Australia of concluding the Doha Round.

The former Coalition Government also failed on bilateral and regional trade agreements.

It let down sugar producers in the Free Trade Agreement with the United States.

In twelve years of government, it failed to begin FTA negotiations with Korea, our third-largest export market.

The Coalition has made unfunded promises to appoint new Trade Ambassadors and Representatives. This is nothing but a shallow attempt to hide the fact that, if elected, Tony Abbott will freeze public sector recruitment for two years. Such a freeze will seriously undermine Australia's efforts to make progress on our most important trade agreements. It will undermine the interests of Australian farmers and all exporters.

The Coalition's record on the Export Market Development Grant Scheme is also one of failure. The former Coalition Government capped and cut the scheme when it first came to office and then let it drift for years.

The Coalition has claimed that it will fund an increase in EMDG funding through unspecified legislative changes to the Wine Equalisation Tax rebate. The Coalition has claimed that these legislative changes will realise the savings of \$50 million required to increase funding to the EMDG scheme.

The Coalition has provided no detail for this proposed saving, and has failed to submit this proposal to the Departments of Treasury and Finance for independent costing.

There is a very real risk that these savings are illusory and that, if elected, the Coalition will be unable to deliver on its proposal to increase EMDG funding.

The Coalition has also sought to raise expectations that the cap on the EMDG scheme might be removed altogether, a false promise to hardworking exporters that will never be delivered.