

TradeWays

INTERNATIONAL OPPORTUNITIES FOR AUSTRALIAN BUSINESSES



Edition 87 September 2008

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From the Trade Desk

This month we lead with the news that Australia and New Zealand have finally secured inside access to the ASEAN trading block. Asia continues to be our leading export destination; however I find that lately our attention has been drawn to Latin America. As the political situation in the region stabilises, both governments and businesses are starting to explore new connections in business. Australia has the advantage of avoiding the historical baggage of the US and Europe.

If you are thinking of moving into this market, please contact the trade team for some introductions.

News

South East Asian free trade agreement to boost exports

The Federal Government has negotiated its most comprehensive free trade agreement worth \$71bn to offer exporters greater access to the booming Asian markets. The agreement between Australia and New Zealand and the Association of South East Asian Nations will cover 16% of Australia's trade in goods and services. Federal Trade Minister Simon Crean said the Government would seek to capitalise on the new trade and economic opportunities arising from the South East Asian communities. The market consists of over 570m people with a combined GDP of US\$1trn, and although significant tariff reductions have been achieved thus far, the government is working to secure further improvements with two countries. Details of the free trade agreement would not be released until the deal was signed but it was understood that Australia's wine, beef, dairy and horticultural producers would be the big winners. The agreement is expected to be signed at the East Asian Summit in Bangkok in December and will come into force mid next year.

Victoria's Channel Deepening 30% complete

The channel deepening project in Victoria's Port Phillip Bay is over 30% complete according to the Port of Melbourne Corporation (PoMC). Since the Queen of the Netherlands began dredging on February 8, the four dredgers now involved in the project have collectively removed 6.985m cu m of material from the bay. The Queen of the Netherlands was currently removing rocky material from the Entrance of the bay, the most sensitive and controversial aspect of the project, and would work 24 hours a day, seven days a week to complete the procedure by early October. A suction hopper dredge, the Cornelius Zanen, which began work in the Yarra in mid July is currently in the Williamstown channel dredging silt and is being assisted by the Goomai, a high precision grab dredge. The Storcken, a hydraulic crane mounted onto a pontoon with an arm-mounted bucket to dredge, better suited to remove sediment within confined spaces within the Yarra River was currently working around the underwater services. The project is on schedule and within budget due to favourable weather conditions. Work in the Entrance was over 80% complete, while work in the Yarra River and the Williamstown Channel was 30% complete. To keep up to date on the channel deepening project visit <http://www.channelproject.com>.

AQIS: delay in import permits

The Australian Quarantine and Inspection Services' (AQIS) biological imports and plant quarantine program is struggling to cope with the load. AQIS stated that it was due to loss of experienced staff; an increased number of permit applications; changes in AQIS quarantine permit assessments; and requirements of the Quarantine Act, resulting in greater scrutiny of applications for permit renewals; and the need for AQIS to seek scientific advice from Biosecurity Australia for some complex permit applications. The service is increasing resources, although it will take some time to deploy.

Permit holders are advised that routine permit applications may now take over 20 working days to assess in some areas. Therefore permits due to expire in coming months should submit their renewal well in advance of expiry dates to ensure consignments are not detained on entry. To help speed up assessments, applicants should ensure all necessary information is provided at the time of submission.

Worldwide survey – your feedback required on model contracts

The International Trade Centre (ITC), a technical joint agency of the United Nations and the World Trade Organisation is carrying out a worldwide survey in order to assess SMEs needs for their most widely used model contracts. The result will be used to draft and make these model commercial contracts freely available. Therefore your opinion is very important in order to produce the most needed contracts. All of the collected information will only be used for the above stated purpose and will be kept confidential. Time is limited therefore please take a few moments to complete the survey online as soon as possible. To complete the survey visit <http://www.intracen.org/eSurvey/survey.aspx?surveyid=195>.

New Rules on pesticide residues to strengthen food safety in the EU

The European Commission took an important step forward in its efforts to ensure food safety in the European Union, as a regulation revising and simplifying the rules pertaining to pesticide residues entered into force. The new rules set harmonised Maximum Residue Levels (MRLs) for pesticides, ensure food safety for all consumers and allow traders and importers to do business smoothly as confusion over dealing with 27 lists of national MRLs is eliminated. The new rules apply the principle that food produced or imported in one Member State must be safe for consumers in all of them. More information on the new rules can be found at <http://www.deliaus.ec.europa.eu/news&events/EU/consumers/ip1282.htm>.

ACBA: 08 AustCham Australia-China Business Awards

Are you an Australian Company doing business in Greater China, or a company in Greater China promoting an Australian product or service? If so, nominations are now open for the ACBA: 08. The awards programme is a means of recognising Australian excellence in business across the Greater China region. Award categories include: business excellence; business entrepreneurial; business innovation; business promotion; and business development. Winners of ACBA: 08 will be announced at a black-tie gala presentation dinner on 6 November at the Grand Hyatt Hong Kong. For more information visit <http://www.austchamchina.com>.

Wanted: New or Recent Victorian SME Exporters

Has your firm started exporting in the last two years? If yes, Monash is keen to interview you.

This research study should hopefully shed some light on the export initiation process, who is involved and how they differ from others in the organisation. Monash is looking for staff that were involved in the first export last year, and is willing to take part in a meeting to describe the process and complete a survey questionnaire. In addition they will be seeking staff that are on the same managerial level who were not involved in the first export and perform the same interview and complete a survey questionnaire. If you would like to participate or have further questions contact Murray Rees PhD Student on 0419 709 289 or email murray.rees@buseco.monash.edu.au.

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Market in Focus – Hungary

Why Hungary

- An EU member since 1 May 2004, Hungary has been one of the most advanced new EU-accession market economies in Central and Eastern Europe;
- The private sector accounts for approximately 75 per cent of GDP;
- The Hungarian economy has been extensively liberalised through privatisation, foreign investment and the introduction of comprehensive commercial laws and further reforms are planned;
- Foreign investors choose Hungary because of the quality of workforce, its excellent business environment and infrastructure, its central geographic location and relatively low costs;
- The Hungarian economy is closely tied to the fortunes of the leading Eurozone economies, especially that of Germany. Almost 75 per cent of Hungary's exports go to EU countries, primarily Germany, Austria, France and Italy.

Major Australian Exports 2007 (A\$m):

- Toys, games & sporting goods A\$1
- Electrical equipment for vehicles A\$1
- Non-electric engines & motors A\$1
- Measuring & controlling instruments A\$1

Major Australian Imports 2007 (A\$m):

- Telecommunications A\$64
- Computers A\$49
- Passenger motor vehicles A\$48
- Motor vehicle parts A\$21

Export Opportunities

The country offer opportunities in most sectors. Priority sectors identified include: aerospace, agriculture, airport development, automotive, biotechnology, construction, education, electronics, food & drink, healthcare, ICT, power, railways, textiles/clothing, transport/logistics, and water/environment.

Agriculture

Agriculture represents an important segment of the Hungarian national economy, despite the fact that its contribution to GDP is estimated to be around a mere 3%. The industry employs 113,000 people, approximately 5% of the active population. Hungary's topography, fertile soil and the number of hours of sunshine make it possible to achieve outstanding results.

Airport Development

Substantial development work is in the pipeline at Ferihegy Budapest International Airport. The most important investments at Ferihegy include construction of a new cargo base and development of the logistics centre, construction of a new underground garage, construction of a hotel near the airport, establishment of a new catering unit and building a new terminal.

Automotive

The automotive industry is well advanced in Hungary. There are only a few big OEMs located there, but with more than 300 players the country is widely considered as the supplier base for the OEMs established in the region. There are outstanding opportunities for joint production with companies in the region to follow big OEMs. The Hungarian government operates a Suppliers' Development Programme to give support to the development of the first and second tier subcontractors of big foreign investors. There are also specific opportunities in technology, know-how transfer and R&D co-operation.

Biotechnology

Is one of the fastest growing knowledge-based high-tech industries in Hungary and has been chosen by the Hungarian government as one of the top five priority sectors within the National Development Plan. Four biotech clusters have been established around universities and research centres with more in the pipeline. Strength lies mainly in molecular biology, diagnostics, drug development, genomics and bioinformatics. Opportunities exist for facilities design and management companies, contract research and clinical trials organisations, regulatory & compliance consultancies, finance & investment services. Also for the sale and/or manufacture of bio-pharmaceuticals (and bio-agrochemicals) for the large and increasing eastern and central European market.

Construction

Strong price competition and local regulations, makes this a tough market, but there are definite business opportunities on the construction products side and the emerging regeneration and property development segments.

Education

Hungary's education reforms have been underway for some time. Under the New Hungarian Development Plan, which will run from 2007 to 2012, HUF 280bn will be spent on improving the public education system, both its content and infrastructure. Forthcoming projects will focus on subject digitalisation, purchase of whiteboards, adopting new pedagogical methods, developing e-learning, abolishing segregation. Although the language training market in Hungary is competitive, there is always room for new and initiative methods to be introduced, and English is the first choice foreign language for many Hungarians.

Healthcare

Significant structural and financial changes have been or will be implemented to increase efficiency in this sector. The Hungarian healthcare market provides opportunities in the medical equipment supplies, consultancy, investment projects, and healthcare and hospital management services.

Railways

The focus over the next 7 years is on developing railway infrastructure (including maintenance of track and upgrading electrification & the signalling systems), with about GBP 1bn in investments foreseen. EU Funds

are playing a substantial role in funding the upgrading works. Most of the elements and products needed for track building and electrification are imported from the Czech Republic and local companies would welcome other players to widen the selection of products as well as for price competition. Hungary also can act as a hub for UK companies to bid jointly with Hungarian companies for EU funded jobs in Romania, Ukraine, Bulgaria or in Serbia.

Transport/Logistics

Given its conveniently central geographic position and the European transport corridors running through its borders, Hungary could become an eastern gateway to the European Union and a regional logistics centre, managing goods arriving from the Far East. 13 modern logistics centres have been built with state support in Hungary, which can help Hungary, raise its standards to EU-level. Hungary's logistics market, which involves 400-500 companies, is worth an annual GBP 2.5 billion. In 2007-2013, developments worth GBP 7.2 billion will be needed to upgrade the transport-logistics centre. During those seven years, GBP 2 billion is to be spent on railway developments and GBP 206 million on water transport upgrades.

Water/Environment

Following EU accession in 2004 Hungary still needs to comply with EU legislation on the environment. By 2015 some HUF 222 bn will be spent on drinking water quality improvements, an estimated further HUF 600 bn is required to meet EU waste water regulations, while the complex regional solid waste management programmes will also continue. Business opportunities for companies exist, for example, in providing innovative liquid and solid waste technologies, waste to energy solutions and cost effective package wastewater plants.

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Are you looking for statistics on tariffs, or bound and applied duties?

The World Trade Organisation (WTO) has published *'World Tariff Profiles'* with UNCRAD and ITC. The document lists the main parameters for each of the 150 WTO members and compares countries between sectors and between applied duties. The first part shows summary tables for all WTO members and other countries and customs territories for all products. The second part contains country pages covering the domestic market access protection and the protection faced in the six major export markets. Information on bound and applied duties is presented by duty ranges and by sectors. In addition, there are indicators on the occurrence of special safeguards and on tariff quotas. The third part contains the data sources and two articles that discuss in more detail issues related to the calculation of ad valorem equivalents.

To view the publication visit http://www.wto.org/english/res_e/booksp_e/tariff_profiles06_e.pdf.

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Trade Missions

Incoming Missions

Fine Food Australia 2008

22 – 25 September 2008

Now in its 27th year, Fine Food Australia is the definitive exhibition for the food, beverage and hospitality industry, showcasing the latest innovations in food, drink and equipment. This exciting international event brings together buyers and sellers from around the world, with feature areas focusing on bakery, confectionery, dairy, drinks, meat & seafood, natural products and equipment for retail, catering and hospitality. For more information visit <http://www.finefoodexpo.com.au>.

Outgoing Missions

Renewable Energy Investments Conference 2008

23 – 31 October 2008

The third international Conference on Renewable Energy Investments and CDM will be held in Santiago, Chile in conjunction with the World Summit on Climate Change and Energy. A variety of activities will be held during the summit such as the Latin American Carbon Forum; and the CDM International NCRE and CDM Meeting. These activities will bring together hundreds of participants including a wide range of stakeholders, international carbon trading authorities and organisations, developers of Chilean renewable energy initiatives, and national and foreign investors. For more information visit <http://www.chilenergy-corfo.com>.

India International Trade Fair 2008 (IITF08)

14 – 27 November 2008

The India Trade Promotion Organisation is organising the 28th edition of its annual event at Pragati Maidan, New Delhi. This event is an ideal opportunity for Indian and overseas exhibitors to showcase and launch their new products and reinforce existing brands. The event showcases achievements and technological advancement of companies for a wide range of products and services related to engineering, automobiles,

electronics, home appliances, chemicals, pharmaceuticals, cosmetics, processed food, leather, textiles, telecommunications, rubber, handicrafts, jewellery, consumer goods, etc. For more information visit <http://www.iitfonweb.com>.

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VICTORIA - Upcoming Events

[Ai Group Events](#)

[Other Events incl.Austrade/TradeStart](#)

Ai Group Events

TradeDocs – Does a Letter of Credit Stress You Out?

We can help you demystify letters of credit. By attending this full-day programme you can better understand how to comply with your Letter of Credit requirements. The programme for the day includes: Letter of Credit; INCOTERMS; Insurance and Liabilities; Shipping Documents (Airway Bill, Bill of Lading, etc.); Preparation of various documents: Certificate of Origin, Carnets, Quarantine documents and Trade Scams and Frauds.

Date: Thursday 16 October
Venue: Australian Industry Group
20 Queens Road, Melbourne
Time: 9.00am – 4.30pm
Contact: Bilyana Petrovski on 03 9867 0152 or email billie@aigroup.asn.au

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Other Events incl.Austrade/TradeStart

Austrade, supported by Department of Agriculture, Fisheries and Forestry (DAFF)

Briefing: The Japanese Market for Australian Food Exports

With an expert panel to answer your questions, this briefing is an excellent opportunity to learn about common challenges for exporters of Australian food product to Japan, against a background of recent food safety issues. The briefing will also highlight trends and opportunities for Australian product in Japan. Discover how you can overcome the challenges and benefit from new import and distribution requirements and heightened consumer sensitivity, as Japanese distributors seek product with strong traceability credentials, including Australian product. Guest speakers include Catherine Taylor, Australian Trade Commissioner, Tokyo; and Andre Mayne, Counsellor (Agriculture), Australian Embassy, Tokyo. You should attend if you are a new or existing Australian producer and exporter in fresh food, processed food, and pet food.

Date: Friday 3 October
Venue: Department of Innovation, Industry and Regional Development
Level 27, 121 Exhibition Street, Melbourne
Time: 9.00am – 11.00am
Cost: \$0.00
Contact: Register at <http://www.austrade.gov.au/japanseminars08> or call Austrade Direct on 13 28 78

The Port of Melbourne

Seminar: Supply Chain Awareness

Moving freight and containers through the Port of Melbourne is a complex task that relies on the communications and activities of many people and organisations. Over 500 logistics chain managers and operators of Victorian companies participated in the Business Activity Harmonisation Study (BAHS) which identified a range of issues that impeded this process and resulted in additional time and costs in the Port of Melbourne supply chain. This program is designed for new entrants to the supply chain industry and to support others develop their understanding further.

Date: Session 1: Wednesday 8 October 10.00am – 12.15pm
Session 2: Wednesday 8 October 2.00pm – 4.15pm
Session 3: Thursday 9 October 10.00am – 12.15pm
Session 4: Thursday 9 October 2.00pm – 4.15pm
Venue: Port Ed Centre
343-383 Lorimer Street, Port Melbourne
Cost: \$0.00
Contact: Email sheena.laskey@portofmelbourne with your contact details and the session number

Australian British Chamber of Commerce

Lunch: the big plans of the new giant of the resources sector: OZ Minerals

OZ Minerals was formed in 2008 through the merger of Australian based, international mining companies Zinifex and Oxiana to create Australia's third largest diversified mining company and the world's second largest producer of zinc. Andrew Michelmore, OZ Minerals' CEO talks about the merger that brought together these two companies, the market outlook for the resources sector and how OZ Minerals intends to deliver on its growth vision of becoming a major minerals company.

Date: Friday 10 October
Venue: RACV Club
501 Bourke Street, Melbourne
Time: 12.00pm – 2.00pm
Cost: \$110.00 ABCC members
\$140.00 non-members
Contact: Visit <http://www.britishchamber.com> to register online

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NEW SOUTH WALES - Upcoming Events

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Ai Group Events

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Date: Thursday 18 September
Venue: Australian Industry Group
51 Walker Street, North Sydney
Time: 9.00am – 4.30pm
Contact: Bilyana Petrovski on 03 9867 0152 or email billie@aigroup.asn.au

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Other Events incl. Austrade/TradeStart

NSW DSRD – Department of State and Regional Development

Small Business September 08

Connect: with clients, customers, other business owners and experts.

Innovate: to remain ahead of the game and ensure business sustainability.

Create: new possibilities and new opportunities.

Deliver: results for your business, clients and customers.

There are over 350 small business events across all regions of NSW for you to choose from to be held in the month of September. There are events near you and events to suit your business plans designed to make your business more sustainable and profitable.

For a listing of all events and registration details visit <http://www.smallbusinessmonth.nsw.gov.au>.

Austrade

Australian Cosmetics Exporting to Asia

Are you interested in exporting your products to the booming South East Asian Hotel & Spa Industry? The Asian spa and wellness market has seen double digit growth over the past decade and judging by the trends, will continue to see exponential growth for years to come. The experts call this the "Asian Spa Explosion". Australian businesses in: spa, beauty and hair products and consumables; spa ingredients and techniques; skincare and cosmetics; home spa treatments and equipment; massage and therapeutic equipment; health supplements and beverages; and herbs and herbal ingredients, should attend.

Date: Friday 19 September
Venue: Austrade Sydney

Level 23, Aon Tower
201 Kent Street, Sydney
Time: 10.00am – 11.30am
Cost: \$0.00
Contact: Austrade Direct on 13 28 78 or email info@austrade.gov.au

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QUEENSLAND - Upcoming Events

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Ai Group Events

Import-Export Basics: Tools for Getting Started

The programme was developed for new and emerging exporters and introduces the practical business planning, marketing, supply and logistics management and associated administration issues that are key to a success globally. Some of the topics covered on the day include: global sourcing, recipe for international success, planning and developing a market strategy, sources of assistance: skilled migration, and more.

Date: Thursday 18 September
Venue: Australian Industry Group
202 Boundary Street, Spring Hill
Time: 9.00am – 4.30pm
Contact: Bilyana Petrovski on 03 9867 0152 or email billie@aigroup.asn.au

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Other Events incl. Austrade/TradeStart

Queensland Government

Getting Export Smart

Getting Export Smart is a practical hands-on export training initiative designed to help Queensland based companies take up the export challenge in overseas markets. Experience industry and government international export advisors facilitate the workshop series which provide skills in: preparing your business for export and choosing the right partners, effectively marketing your business in overseas markets, pricing, freight, packaging and payment procedures, e-business transactions and online marketing strategies. The program will also link you to a dedicated client manager and agencies that can assist you in becoming a successful exporter.

Date: Various dates throughout August - November
Venue: Emerald, Bundaberg, Toowoomba, Mackay, Brisbane Northside
Cost: \$33.00
Contact: For more information email tradeinfo@qld.gov.au

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