

# TradeWays

INTERNATIONAL OPPORTUNITIES FOR AUSTRALIAN BUSINESSES

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## From the Trade Desk

While you would expect credit insurance difficult to obtain during a Global Financial Crisis, feedback from members and clients leads us to suspect that some industries are suffering more than others. We are trying to gather as much information on this issue as possible, so if you are experiencing difficulties, please do get in contact so that we can build up a database on all the issues. Email [Louise McGrath](#).

This month's newsletter includes a reminder of the SBAS program. Over twenty five companies have accessed this program; receiving advise on cash flow, I.P, securing finance and succession planning. Please contact [Bilyana Petrovski](#) for more information.

## News

### Changes to AQIS Packing Declarations, Treatment Certificates and AQIS Issued Documents

The Australian Quarantine and Inspection Service (AQIS) have made changes to the format of the packing declarations and treatment certificates which will come into force as of 1 August 2009 and 1 January 2010 for Annual Packing Declarations.

The main changes include:

- Packing declarations: The straw statement has been changed to include other types of prohibited packaging such as bamboo, hay etc. It is now known as the "prohibited packaging material statement".
- Newly manufactured plywood/veneer products declaration: The newly manufactured plywood/veneer products declaration is no longer acceptable for packaging and dunnage. Packaging and dunnage made from plywood/veneer must be declared as timber packaging and is subject to mandatory treatment.
- Methyl bromide fumigation certificates—plastic wrapping declaration - All treatment certificates issued for the fumigations using methyl bromide must include a Plastic Wrap Declaration.  
*"This consignment has been fumigated prior to application of plastic wrapping or plastic wrapping used in the consignment conforms to the AQIS wrapping and perforation standard as found in the AQIS Methyl Bromide Fumigation Standard"*
- Import permits: validity requirements, all import permits must meet an additional validity requirement in that the permit must be valid at the time the goods are landed.

Further information can be found at the following [link](#).

### Australian PMI®: Manufacturing slowdown shows signs of stabilising

Ai Group Chief Executive, Heather Ridout, said: "The easing in the rate of decline in manufacturing activity is encouraging. This is supported by the direction of the Global PMI, which stood at 46.9 in June 2009. In Europe, Japan and the US, declines in new orders and production have eased to levels last seen around the middle of last year. "It is clear that the manufacturing performance in Australia has been deeply influenced by fiscal and monetary stimulus and inventory rundowns. Looking beyond the monthly figures,

the big question is whether these improvements will be sustained once these stimulatory forces have abated," Mrs Ridout said.

### **Australian PMI® key Findings for July:**

- The seasonally adjusted Australian Industry Group-PricewaterhouseCoopers Australian PMI® stood at 44.5 in July. The PMI rose by 6.1 points, below the 50 point level separating expansion from contraction, but its highest level for ten months, or since September 2008.
- While uncertainty remains about its sustainability, the nascent improvement in manufacturing conditions is also becoming broader, with four of the twelve sub-sectors recording modest growth in activity and one remaining stable.
- While all components of the Australian PMI® showed declines, the fall in new orders eased rapidly in July, and production and inventory falls eased significantly. The decline in manufacturing employment, which has persisted for 19 months, also softened slightly.
- A greater number, though still a minority, of respondents reported improved confidence and rising sales and orders. The oil & gas and infrastructure sectors are showing signs of improvement while in the mining and automotive related sectors, demand remains soft.
- Input cost and wages growth rose moderately, while selling prices fell for a fourth consecutive month.
- Manufacturing activity rose in Tasmania. The pace of decline eased in all other states except Queensland.

[Download the full July 2009 Australian PMI®.](#)

### **Small Business Advisory Services (SBAS)**

This is an AusIndustry Program which is being run by Ai Group, until the end of this year. The program aims to assist small business with a turn over of \$2M or less.

Advice and/or referrals can be provided in the following areas: Provide templates and advice to assist in developing the business; Provide some guidance on future development of the business, determine resources and funding required; Cash Flow general advice on forecasting, risk management; Funding determine adequacy of clients facilities and determine available finance; Marketing advice and template on developing a marketing and or a business plan; Export and Trade Development; Leasing guidance; Government regulations; Staff training programs; and Government Grants.

The Advisors role is to meet with the business owner to carry out a short analysis to determine specific needs and areas where we can assist. Once the analysis is carried out the Client will decide with the Advisor which service and/or support is required. Ai Group also provides a telephone hot line which will answer questions and provide referrals for external advice.

This is a free service but the numbers of places available are limited. To access this service contact Bilyana Petrovski on 03 8967 0152 or email [billie@aigroup.asn.au](mailto:billie@aigroup.asn.au) or Len Phillips on 03 9867 0111 or email [len.phillips@aigroup.asn.au](mailto:len.phillips@aigroup.asn.au).

### **Airfreight exports hold, imports fall**

Exports have emerged as the sole source of light in an increasingly gloomy outlook for Australia's air cargo sector. Figures show that just as Australia's seafreight volumes are still comparatively strong, so too is its airfreight well-positioned against a murky global backdrop. Bureau of Infrastructure and Regional Economics (BITRE) figures suggested earlier this month that Australia's export volumes held ground in May compared with the same month of 2008. Exports were steady at 24,531 tonnes but imports plunged 21.8% to 31,179 tonnes. Overall, Australia's international airfreight dropped to 55,710 tonnes down 13.5% compared with May 2008, when 64,419 tonnes were carried. Inbound freight traffic has seen month-on-month decreases of more than 20% since December.

The BITRE figures confirmed Qantas as the top airfreight carrier in the Australian market, though its market share dropped 0.8% to 22.2%. Singapore Airlines, which makes up 15.2% of the market, lost 0.6% of its share. Etihad was the biggest mover, more than doubling its share of air cargo to 2.8%, while Cathay Pacific (9.7%) and Emirates (8.9%) also claimed larger shares. Services from either Sydney or Melbourne to Auckland, Singapore and Hong Kong remain the biggest markets by volume. Sydney Airport, at 27,044 tonnes, accounted for 48.5% of total trade, ahead of Melbourne (26%), Brisbane (11.8%) and Perth (9%).

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### **Market in Focus – Japan**

Why Japan

- In 2008, Japan was the world's second-largest economy measured in US dollars;
- Japan has been Australia's largest export market for the past forty years, and will remain so for the foreseeable future;

- Manufacturing has been the most remarkable, and internationally renowned feature of Japan's economic growth;
- With a population of 127 million, the Japanese market is characterised by consumers with high levels of disposable income, and companies with a strong global orientation and willingness to invest in sustainable, long-term products and services.

Two-way merchandise trade between Australia and Japan was valued at approximately \$70.8 billion, a 41 per cent increase on 2007. Merchandise exports to Japan rose by 58 per cent to \$50.6 billion, which represents over one fifth of Australia's total exports. This is more than merchandise exports to China and the United States combined. The large increases in 2008 were mostly due to significant rises in the prices of resources such as coal and iron ore. Merchandise imports were valued at \$20.2 billion. Trade with Japan delivered Australia its largest merchandise trade surplus in history: \$30.3 billion.

The current upheaval, which has mostly been driven by external factors, is now starting to have far-reaching effects on certain sectors of the manufacturing economy and society in general. This is likely to have a significant impact in terms of changes in social values, behaviour and consumption patterns. The Japanese Government has spent several hundred trillion yen on economic stimulus packages in an effort to spur a recovery. However, the success of these packages is still in doubt as stagnation continues and Japan's banks continue to hold large non-performing loans.

Changes that are evidence of the 'new economy' emerging in Japanese business practices include:

- High interest in IT-based solutions
- Demand for innovative cost effective business solutions which can include imported product and services
- Breakdown of traditional interlinked (keiretsu) business relationships
- Introduction of business-to-business (B2B) and business-to-consumer (B2C) e-commerce ventures
- Speeding up of the business decision making processes
- Introduction of Western management practices
- Japan faces a number of challenges going forward, some economic and some structural. Many of these longer term drivers for change also favour Australia. Japan's ongoing reliance on imported minerals and energy, and growing concerns over food safety and food security (with food self-sufficiency hovering at around 40 per cent) are priorities for them.

In addition, Japan's silver generation faces challenges to preserve and grow their substantial wealth of US\$14 trillion in household savings. As the population ages, Japan is tipped to be the world's leading test bed for the silver market. Continuing emphasis on increasing productivity among the declining workforce, the need to more fully utilise women, increased reliance on technology for competitive edge and growth in outsourced services are key social and corporate themes.

The eighth negotiating round of the Australia-Japan Free Trade Agreement took place in Tokyo 9 – 13 March 2009. Based on the cost benefit analysis of the FTA in the Joint Study for Enhancing Economic Relations between Japan and Australia (December 2006), a conservative estimate of the net benefit of the FTA to the Australian economy would be an increase of 0.66 per cent of GDP by 2020, while the net benefit to Japan would be an addition of 0.03 per cent of Japan's GDP. The Joint Study equated these amounts to a net gain in present value terms over 20 years of \$39 billion for Australia, and \$27 billion for Japan.

When concluded, the Australia-Japan Free Trade Agreement will:

- address tariff and non-tariff barriers facing Australian companies;
- create commercial opportunities across all industries;
- expand export opportunities in Japan's agricultural market;
- promote two-way investment;
- promote our mineral and energy relationship;
- address any discrimination resulting from Japan's FTAs with other countries; and
- provide a fundamental commercial framework for increased trade and investment.

[Click here](#) for further information on the Australia-Japan Free Trade Agreement.

#### **Major Australian Exports 2008\* (A\$m):**

- Coal A\$20,322
- Iron ore & concentrates A\$7,384

#### **Major Australian Imports 2008 (A\$m):**

- Passenger motor vehicles A\$6,839
- Goods vehicles A\$1,681

- Beef A\$2,060
  - Aluminium A\$2,019
  - Refined petroleum A\$1,409
  - Civil engineering equipment & parts A\$932
- \*Includes A\$9.6bn of confidential items, mainly LNG, nickel, wheat & sugar, 19% of total exports*

## Export Opportunities

The most promising growth and interaction between the Australian and Japanese economies will lie in higher value-added and knowledge intensive sectors such as the life sciences, information technology, nanotechnology, aerospace and environmental technologies.

Since services account for 75 to 80 per cent of both Australia's and Japan's domestic economies, market experts reason that Australian service providers should be well placed to sell their services to Japanese customers. This is partly because, as Australia began de-regulating and reforming its service sector ahead of Japan, Australian service operators have become more efficient and developed a comparative advantage. Service sectors where Australian companies appear to be more competitive include government services, professional services such as legal and accounting, medical and aged care services, real-estate and property services, vocational training, recreational, music and performing arts and hospitality services.

Outlooks based on Japan's long-term social, cultural and demographic trends predict that Japanese consumers will spend more time on leisure and recreation. There are potential opportunities in recreational sports, hobbies, pets, arts, entertainment and health and lifestyle related areas such as aromatherapy and nutrition.

A long-term commitment and market strategy are required to become established in Japan. It takes time and patience, but, as many companies have found, it repays the effort many times over.

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## e-link

Browse this [website](#) and find lots of useful legal links. Jurisint is a multilingual collection (English, Spanish, and French) of legal information on international trade. It is maintained by a partnership between the International Trade Centre UNCTAD/WTO, LexUM of the Centre for Research in Public Law at the University of Montreal, Canada and Juripole from the University of Nancy, France. Among the types of information available on the website are: links to most arbitration and mediation centres in the world, links to lawyer associations throughout the world and a database of trade treaties and international conventions.

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## Trade Missions

### Incoming Missions

#### **Fine Food Australia**

7 – 10 September 2009

If you work in the retail, foodservice or hospitality industry, then you simply cannot afford to miss Fine Food Australia taking place at the Sydney Convention & Exhibition Centre. It only takes one visit to discover hundreds of new ideas that could change the way you do business. There are dedicated feature areas in the exhibition to help find your way around, which include: Dairy World, Drinks World, Confectionery World, Natural Products and Meat & Seafood World and, new for 2009, Gluten Free World. There are also a number of national and international pavilions and gourmet food areas. For more information visit [Fine Food Australia](#).

### Outgoing Missions

#### **NSW Women Going Global Trade Mission to Japan (Tokyo, Osaka and Nagoya)**

19 – 23 October 2009

The NSW Department of State and Regional Development with partnership support by Austrade invites senior women business owners and export managers of NSW companies to participate in this trade mission. Providing you with the opportunity to assess your company's prospects and meet relevant business contacts in Japan. The costs associated with business matching and official program events will be covered by the Department for participating companies where they meet its assessment of being export ready for the market. For more information contact Crista Bracamonte on 02 9338 6652 or email [crista.bracamonte@business.nsw.gov.au](mailto:crista.bracamonte@business.nsw.gov.au).

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## VICTORIA - Upcoming Events

[Ai Group Events](#)

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

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## Ai Group Events

### **Breakfast Briefing: After the global credit crisis – building growth in the new business landscape**

Ai Group is holding our next round of economic breakfast briefings in late October. Green shoots have started to appear in the Australian economy and some of our key trading partners. Despite a year of weak and uncertain markets, companies have focused on dealing with the downturn and preparing for an improvement in the business environment. What this means for businesses across the range of industry sectors will be the central focus of these breakfasts.

Join us in:

- Adelaide Tuesday 27 October at the Stamford Plaza
- Melbourne Wednesday 28 October at Zinc, Federation Square
- Sydney Thursday 29 October at The Radisson Hotel
- Brisbane Friday 30 October at The Marriott

The briefings cost \$120.00 for Ai Group members and \$150.00 for Ai Group non-members, this includes a hot breakfast and delegates pack.

To register please contact Colleen Dowling 03 9867 0280 or [colleen.dowling@aigroup.asn.au](mailto:colleen.dowling@aigroup.asn.au)

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### **Other Events incl. Austrade/TradeStart**

Austrade and the Committee for Economic Development of Australia (CEDA)

#### **Trade 20/20 Opening Conference**

Trade 20/20 opens with a flagship conference in Melbourne on Wednesday 26 August, followed by strategic dialogues in capital cities, and concludes in Canberra on 18 November. Speakers to name a few at the opening conference include: The Hon. Simon Crean MP, Australian Minister for Trade; Dr Robert J Shapiro, former US Under Secretary of Commerce for Economic Affairs and Co-founder and Chairman of Sonecon; Phil Ruthven, founder IBISWorld; Tim Harcourt, Chief Economist, Austrade.

**Date:** Wednesday 26 August  
**Venue:** Crown Casino Palladium Room  
8 Whiteman Street, Southbank  
**Time:** 8.30am – 2.00pm  
**Cost:** \$495.00 CEDA members  
\$605.00 CEDA non-members  
**Contact:** Laura Cheail on 03 9652 8414

Australia Africa Business Council

#### **Seminar: Limpopo Trade and Investment Seminar**

This seminar will bring together business leaders and government representatives from the Limpopo province of South Africa and Victoria, focusing on key sectors of strategic importance to these respective economies. These sectors include: education, tourism, technology, agriculture and mining. Business case studies representing both continents will be presented along with details on the Export Market Development Grant (EMDG) provided by Australian Government in support of bi-lateral trade and investment. One-on-one business matching meetings will be conducted at the conclusion of the seminar.

**Date:** Thursday 10 September  
**Venue:** Athenaeum Club Melbourne  
87 Collins Street, Melbourne  
**Time:** 9.00am – 2.00pm  
**Cost:** \$80.00 AABC members  
\$95.00 AABC non-members  
**Contact:** Email [vicsec@aabc.net.au](mailto:vicsec@aabc.net.au) or visit <http://www.aabc.net.au>

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### **NEW SOUTH WALES - Upcoming Events**

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

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### **Other Events incl. Austrade/TradeStart**

Austrade

### **Seminar: Australia and Japan – Partnering in Asia**

Attend this seminar to gain an understanding of opportunities for Australian businesses to work collaboratively with Japanese companies on third country projects throughout Asia. Issues to be covered include: drivers for collaboration between Australian and Japanese businesses; Overview of the key industry sectors and markets with the greatest potential; Accessing integrated supply chains across Asia; Opportunities to leverage current FTAs in Asia; Global financial crisis implications; and New collaborative business models that could emerge.

**Date:** Wednesday 9 September  
**Venue:** NSW Trade and Investment Centre  
Level 47, MLC Centre, Martin Place, Sydney  
**Time:** 5.30pm – 8.00pm  
**Cost:** \$0.00  
**Contact:** Register [online](#)

ANZA Technology Network

### **Workshop: Realise your revenue potential in the US market**

Get started on realising your company's true revenue potential when you expand your business into the world's largest and most lucrative market, the United States. The US market is more than ten times the size of Australia's. Multiply your Australian revenue projections by ten, then convert that to US dollars. The workshop is broken into three sessions: morning session where you deliver your company pitch; networking lunch opportunity to talk more with the panellists to discuss your US and global market plans; and the afternoon session covers cultural differences in the US market, applying the delta model and preparing an elevator pitch and audio logo, feedback and next steps.

**Date:** Friday 28 August  
**Venue:** Ernst and Young  
Level 33, 680 George Street, Sydney  
**Time:** 9.00am – 5.00pm  
**Cost:** \$495.00 for two company executives  
**Contact:** Register [online](#)

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## **QUEENSLAND - Upcoming Events**

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

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### **Other Events incl. Austrade/TradeStart**

Australia Africa Business Council

### **AABC 2009 International Trade & Investment Conference**

The Conference offers Australian and African businesses, an unmatched opportunity for networking with key decision makers. It serves as a platform for dialogue, the exchange of ideas, trade and investment opportunities. Key specialists will provide an in-depth analysis of the African and Australian business environment and opportunities available. It will be held over three days and the major sponsors for this year include the Queensland Government, the South African High Commission Canberra and Trade & Investment Limpopo (TIL).

**Date:** Sunday 6 – Tuesday 8 September  
**Venue:** Sea World Resort, Gold Coast  
**Cost:** \$550.00 AABC members  
\$875.00 AABC non-members  
**Contact:** Register [online](#)

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