

# TradeWays

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INTERNATIONAL OPPORTUNITIES FOR AUSTRALIAN BUSINESSES



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## From the Trade Desk

At times it feels as if engaging in international trade is simply an exercise in risk management. Foreign exchange, payments, and extra freight issues – the list goes on and so the thought of accounting for disease doesn't really rate. Without even worrying about managing staff, you also need to worry about your customers. Ai Group has had two delegations' visits to Victoria cancelled due to concerns over Swine Flu. If you engage in international business then you need to develop a strategy on maintaining business through any pandemic.

Ai Group is holding a seminar on just this topic in [August](#) .

## News

### **Ai Group Business Survey**

Ai Group is conducting a survey on the impact of the current economic conditions on business, particularly the effect on your workforce. Our study will include a consideration of the changes in demand for skilled labour and the capacity of companies to engage in skills development, especially in the developing area of green skills or skills for sustainability.

The survey closes on Friday 24 July 2009. Click [here](#) to complete the questionnaire. All individual information collected is confidential.

### **Singapore and Hong Kong lead the Global Enabling Trade Report 2009**

East Asian economies, Singapore and Hong Kong SAR occupy the top two positions in the Enabling Trade Index ranking, followed by Switzerland, Denmark and Sweden, according to The Global Enabling Trade Report 2009, released in early July by the World Economic Forum. Canada, Norway, Finland, Austria and the Netherlands complete the top-10 list. Published for the second time and covering 121 economies worldwide, the report presents a resource for dialogue and provides a yardstick of the extent to which economies have in place the necessary attributes for enabling trade and where improvements are most needed.

The results mirror the openness of Singapore and Hong Kong SAR to international trade and investment as part of their successful economic development strategy. Both economies have put into place highly efficient border administrations and supportive business environments. They are endowed with well-developed transport and telecommunications infrastructures ensuring rapid transit to final destination. These attributes are further supported by business environments that are conducive to trade. The United States benefits from a conducive business environment, as well as excellent infrastructure. The US position is weakened by restricted access to markets and concerns about costs to business resulting from crime, violence and terrorism. China performs well with respect to transport services and has swift import-export procedures, but trade development is held back by highly restricted access to its markets.

To view the full report [click here](#).

### **Australian PSI®: Services Sector Activity Expands after 14 Months Contraction**

Services sector activity expanded slightly in June after 14 consecutive months of contraction. The seasonally adjusted Australian Industry Group/Commonwealth Bank Performance of Services Index

(Australian PSI®) for June rose by 10.3 points to 50.2, lifting marginally above the 50.0 level separating expansion from the contraction.

Australian Industry Group (Ai Group) Chief Executive, Heather Ridout, said: "The June Australian PSI® is further encouraging news on top of the recent strong retail trade figures for May. The Australian PSI® results suggest that services sector activity strengthened more broadly in June on the back of rising consumer confidence, low interest rates and the Government's cash stimulus.

Commonwealth Bank Senior Economist, John Peters, noted, "Improving conditions in the services sector are consistent with other recent economic news which suggests that the economy may well sidestep a severe recession in 2009 despite the negative headwinds from the global economic meltdown buffeting the local economy.

#### **Australian PSI® Key Findings for June:**

- Recent monetary and fiscal stimulus measures were cited as having a positive influence on conditions.
- Sales and new orders both expanded, following long periods of contraction. The sub-indexes for employment, inventories and supplier deliveries also improved in the month.
- The improvement in the sector was broadly-based, with four sectors reporting stronger activity in June and the pace of decline easing in another three.
- Activity expanded in three states: Victoria; Western Australia; and Tasmania.

#### [Download the full June 2009 Australian PSI®](#)

We will be holding our next round of economic breakfast briefings in late October in Adelaide, Melbourne, Sydney, and Brisbane. Further details will be provided in the next edition of TradeWays e-zine.

#### **Small Business September 2009: New South Wales**

Now in its tenth year, this annual celebration highlights the important role of small business to the social and economic fabric of the State. Discover how Small Business September can help your business with over 300 events hosted by 150 organisations supporting small businesses.

Find events to help you develop your ideas; strengthen your market presence; and increase your business opportunities. Most events are free and all events will help your business soar in these tough times.

Check back [here](#) often, as new events will be regularly added, and ensure you book early.

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#### **Market in Focus – Peru**

##### Why Peru

- Peru has experienced an impressive economic expansion over the last eight years becoming one of the best performing and sustained growing economies in Latin America;
- Peru has experienced recent impressive economic growth with real GDP growth at an estimated 9 per cent in 2008;
- Privatisation activity continues in Peru and many state-owned companies, particularly dealing with ports, airports, roads, mining, oil and gas and energy are earmarked for concession;
- Australia has a good reputation among young people in Lima, Rio, Santiago and Buenos Aires;
- Easy to do business, people easy to deal with, and customs are straightforward.

Since the 1990s, successive governments have sought to restructure Peru's economy, dramatically improving the Government's fiscal position. Peru is enjoying its longest expansion on record, with low inflation, a solid external position and declining indebtedness ratios. Public expenditure has been reduced through the abolition of subsidies and the privatisation of state owned companies. Trade barriers have been cut, direct subsidies to exporters and domestic producers have been eliminated, and equal treatment has been granted to foreign and domestic investors. The tariff system on imports comprises three rates: zero per cent, 9 per cent and 16 per cent, with a weighted average tariff of around 3.2 per cent.

Peru has facilitated its integration into the global economy through an active approach to regional integration and a commitment to pursuing bilateral free trade agreements (FTAs). Peru has concluded negotiations on FTAs with Chile, United States, Singapore and Canada. It also has a protocol on acceleration of the liberalisation of trade in goods and trade facilitation with Thailand. The FTA with the US has entered into force on 1 January 2009 and will replace, as far as Peru-United States trade relations are concerned, an existing trade promotion agreement, the Andean Trade Preference and Drug Eradication Act (ATPDEA). The ATPDEA currently gives Peru tariff privileges on some 6,000 products. FTAs with Singapore and Canada were signed in May 2008.

Peru has experienced recent impressive economic growth with real GDP growth at an estimated 9 per cent in 2008. The expected weakening of external demand in 2009 may slow growth to a still robust figure of between 6 and 7 per cent of GDP in 2009. Higher economic growth has been largely supported by mining

and construction activity. Diversification into non-traditional exports, investment growth and strong consumer confidence and rising employment rates has also supported this recent trend.

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

- Civil engineering equipment and parts A\$7
- Measuring and analysing instruments A\$5
- Prams, toys, games & sporting goods A\$5
- Milk and cream A\$4

*\*Includes A\$59m of confidential items, 57% of total exports*

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

- Animal feed A\$26
- Animal oils & fats A\$19
- Zinc ores & concentrates A\$17
- Vegetables, prepared or preserved A\$7

### **Export Opportunities**

Export opportunities exist in mining, infrastructure (energy, airports and traffic systems), agribusiness (including agricultural equipment, technology and genetics), environmental management, food and beverage, medicaments, education, tourism, fashion, sporting and surfing goods, gaming equipment and other services.

Peru ranks among the world's top seven mining countries with large reserves of copper, silver and zinc. Opportunities exist for exports of mining services, equipment and technology in both underground applications and open cut mining. Australian designed mining locomotives, slurry pumps and mineral processing control systems have occupied a share of the local market for a number of years. There is also significant potential in agribusiness (particularly sugar) and the food sector, including dairy, gourmet foods, as well as for exports of medical and veterinary products. Australia has recently had considerable success in introducing wines and gourmet foods through the major retail chains, who are also considering importing a variety of canned and processed foods from Australia.

Recent visits by education institutions have highlighted the opportunity for Australian education services, both for studies in Australia and courses delivered in Peru.

Privatisation activity continues in Peru and many state-owned companies, particularly dealing with ports, airports, roads, mining, oil and gas and energy are earmarked for concession.

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### **e-link**

Packaging is a dynamic part of your logistics and marketing solutions. By protecting merchandise during transport, handling and storage, well-made packaging can reduce insurance premiums. And it can add value to your products and help the environment. For example, using materials that are biodegradable, recyclable and/or made from recycled materials can be a marketing advantage that can differentiate your product from the competition. For training, glossaries, lists of packaging-relevant national authorities, lists of packaging associations for SME's or almost anything else about packaging, visit the "[Packaging for Development](#)" section website of the UNCTAD/WTO International Trade Centre and find thousands of useful resources.

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### **Trade Missions**

#### **Outgoing Missions**

#### **Building and Construction Mission - India**

7 - 11 September 2009

Ai Group will be leading its fourth Building and Construction Mission to India in September with the Victorian State Government and participation in the Green Building Congress in Hyderabad. The program will consist of individual and group meetings with property developers, architects and infrastructure project leaders in both Mumbai and Hyderabad. Victorian companies will be eligible for direct rebates; companies without operations in Victoria will be assisted in applying for funding from their own state governments. For more information on how you can participate contact Louise McGrath on 03 9867 0158 or email [louisem@aigroup.asn.au](mailto:louisem@aigroup.asn.au).

#### **Environment – Technology – Entrepreneurship: Microsoft USA**

3 – 6 November 2009

Austrade and Microsoft are joining forces to drive entrepreneurship within the Australian technology community and support the development, commercialisation and internationalisation of innovative solutions to address global environmental challenges and opportunities. You should participate in this Australian delegation to Microsoft USA if you are an Australian business with innovative software technology and solutions that improve energy efficiency; address climate change and disaster management; and enable green IT. For more information contact Arianna Sippel on 02 9390 2356 or email [Arianna.sippel@austrade.gov.au](mailto:Arianna.sippel@austrade.gov.au).

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### **VICTORIA - Upcoming Events**

## Ai Group Events

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

The next round of economics breakfasts briefings are due to take place in late October in Adelaide, Melbourne, Sydney and Brisbane. Watch this space for further details in the next edition of TradeWays e-zine.

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

Malaysian Industrial Development Authority (MIDA)

#### **Seminar: Business Opportunities in Malaysia**

An opportunity for companies to meet with the new Malaysian Minister for International Trade and Industry, The Hon Mustapa Mohamed who will be accompanied by a senior business delegation. It is a morning event followed by a lunch hosted by the Minister. The morning session provides companies with an update on Malaysian policies and current business opportunities. In the afternoon, there is an opportunity to meet with members of the business delegation.

**Date:** Monday 3 August  
**Venue:** Crown Towers Hotel  
8 Whiteman Street, Melbourne  
**Time:** 9.00am – 5.00pm  
**Contact:** Jaswant Singh on 02 9251 1933 or [click here](#) to download registration form

Australia British Chamber of Commerce

#### **Business Briefing Lunch: Ashes to ashes, but will Twenty20 consign it to dust?**

Join Cricket Australia CEO James Sutherland in conversation with Stephen Quartermain on the eve of the 3rd Ashes Test for a discussion on the joy of cricket, and the challenges ensuring it remains as Australia's favourite sport.

**Date:** Thursday 30 July  
**Venue:** The Langham Melbourne  
1 Southgate Avenue, Melbourne  
**Time:** 12.00pm – 2.00pm  
**Cost:** \$120.00 ABCC members  
\$160.00 ABCC non-members  
**Contact:** Register [online](#)

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

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

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

Bureau of Foreign Trade, MOEA of Taiwan and co-organised in Sydney by the PricewaterhouseCoopers-Australia and Taiwan Trade Centre, Sydney

#### **Seminar: Taiwan – Your ideal partner in Asia**

Learn about the current business and investment environment in Taiwan, including Taiwan's Global Competitiveness, Macro Economy and Principal Considerations when investing and doing business in Taiwan. The briefing will also highlight business and alliance opportunities and case studies in relation to a wide range of industries, covering not only manufacturing but also services industries. These include Information & Communication Technologies, Intelligent Vehicles / Green Energy, Biotech / Medical & Health Care Services, Financial Services and Recreation / Tourism.

The seminar features industry delegates with extensive experience in the Taiwanese market. It will provide a great opportunity for Australian companies to network and meet leading sponsors from trade and industry associations in Australia such as Ai Group, ATBC, TECO, and TCCA.

**Date:** Friday 24 July

**Venue:** Price Waterhouse Coopers, Sydney II Conference Room  
Darling Park Tower 2, Level 10, 201 Sussex Street, Sydney  
**Time:** 8.30am – 10.30am  
**Cost:** \$0.00  
**Contact:** Mangala Srinivasan on 02 8843 1116 or email [dsrdparramatta@business.nsw.gov.au](mailto:dsrdparramatta@business.nsw.gov.au)

NSW Department of State and Regional Development

**Workshop: Rethink Business Strategy**

Every business needs a strategy supported by well-defined business plans for execution of the strategy. One way to develop a strategy is to use the system of three circles for strategy, involving your company, customers and competitors. The workshop can help businesses re-assess strategies and think afresh.

**Date:** Wednesday 19 August  
**Venue:** Department of State and Regional Development  
Level 2, 470 Church Street, North Parramatta  
**Time:** 8.30am – 10.30am  
**Cost:** \$0.00  
**Contact:** Mangala Srinivasan on 02 8843 1116 or email [dsrdparramatta@business.nsw.gov.au](mailto:dsrdparramatta@business.nsw.gov.au)

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**QUEENSLAND - Upcoming Events**

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

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**Other Events incl. Austrade/TradeStart**

Austrade

**EMDG Coaching Session**

These small personalised sessions will help you get EMDG ready and maximise your grant entitlement. Sessions will be run by senior grants staff and will cover a range of topics including introduction to EMDG, how to plan for EMDG, how to apply for EMDG and how to get the best out of the EMDG scheme.

**Date:** Thursday 24 September  
**Venue:** Austrade Brisbane  
Level 16, 307 Queen Street, Melbourne  
**Time:** 3.00pm – 5.00pm  
**Cost:** \$0.00  
**Contact:** Visit <http://www.austrade.gov.au/EMDG-coaching-sessions/default.aspx> or call 13 28 78

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