

# TradeWays

INTERNATIONAL OPPORTUNITIES FOR AUSTRALIAN BUSINESSES



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## From the Trade Desk

Under the new Federal Government, the Department of Foreign Affairs and Trade, and their agencies such as Austrade, Invest Australia and all their programs, is being reviewed. Below you'll see some of the immediate changes; however the Government is undertaking an extensive review of its support for Australian exporters. Now is the time to take all those dinner party ideas to Ai Group and contribute to our submission on behalf of industry. Email [andrew.witford@aigroup.asn.au](mailto:andrew.witford@aigroup.asn.au) with your ideas.

In our experience, when companies are making major inroads into overseas markets, they often run out of experienced staff before they run out of money. Build your own expertise in-house by sending your staff to one of our many practical training courses. For more information visit <http://www.aigroup.asn.au/export/training>.

## News

### EMDG Changes to take effect 1<sup>st</sup> July 2008

The Hon. Simon Crean Minister for Trade and Regional Development, has announced a number of changes to the EMDG scheme that are to come into effect from the 1<sup>st</sup> July 2008 in respect to claims that will be paid in the following financial year. Around 1000 Australian businesses will be eligible for a small reimbursement to costs incurred in the promotion of their products for export. It has been revealed that the Export Market Development Grants (EMDG) scheme was over-subscribed in the last financial year by about \$28m. The Government said the scheme was under-funded due to an increase in the number of application approvals in 2006/07, and this would lead to a "short changing" of the second round of approvals. The Government said it would allocate an extra \$50m to the scheme for 2009/10.

Some of the changes to the scheme include:

- Total funding to increase in 2009/10 to \$200m
- An increase in the maximum grant amount from \$50,000 to \$200,000
- The costs of patenting products in the international marketplace to be treated as an eligible export marketing activity
- Allowing approved regional not-for-profit economic development bodies, including tourism bodies, which promote Australian exporters to access the scheme
- Lifting the maximum turnover limit from \$30m to \$50m
- Cutting the minimum threshold of expenditure by \$5,000 to \$10,000
- Extending the limit on the number of grants from seven to eight annual grants
- Replacing the list of eligible services provided in Australia with a negative list, which means all services will be considered eligible unless otherwise specified

### Prevent Fraud: know your customer and know your trade

Fraud in international shipping can cause difficulties for law enforcement when a police force does not have the criminals within its boundaries despite having jurisdiction. Once a fraud has occurred the options were few and all usually very costly. Accurate, timely information and the exercise of due diligence is the key to the prevention of frauds. While there were detailed due diligence measures tailored to specific market and trading situations, the most important general principle is the age old adage, "know your customer and

know your trade". While the simplest way of avoiding fraud is to deal only with good quality companies with good track records, in practice it is not always possible to deal with blue-chip companies. In a constantly fluctuating market, it is therefore vital that underwriters, shipowners, charterers, buyers and sellers make checks into their contractual partners before committing their cargo or vessel.

The more common types of fraud include documentary frauds and charterparty frauds or failures. Describing one type of documentary fraud, under UCP600 (the uniform rules covering documentary credits), banks were obliged to pay out if the documents complied with the terms of a credit. A common fraud against buyers would be if the seller presented false documents confirming that the cargo had been consigned to the buyers and loaded on the ship. The documents were credit compliant, and the negotiating bank paid out to the sellers. Because of the transit time between load port and the discharge port, it may be many weeks before the buyers realised that no cargo had been shipped, and in that time, the proceeds of the letter of credit had passed beyond the reach of the buyers and the courts. There have been examples of shipowners being sued by the buyers for the losses suffered by them, but in most jurisdictions, the court would dismiss such claims.

#### **Update: Channel Deepening Project**

After 28 days of channel deepening in Port Phillip Bay, turbidity levels continue to be in accordance with environmental limits set by the state and federal governments. Earlier this month, the Queen of the Netherlands completed three weeks of dredging in the south channel, removing 1.6m cu m of material from the bay. She is presently undertaking work in the north channel that will see an underwater containment facility, known as a bund, built from clay that has been dredged from the shipping channel. The bund will hold up to 2m cu m of silt from the mouth of the Yarra River. Channel deepening project manager Nick Easy said turbidity monitoring data would be released weekly and it was currently well within the environmental requirements. Mr Bradford Chief Executive of POMC said production was on track and when completed would provide economic prosperity and environmental sustainability to Melbourne. To keep up-to-date with the project visit <http://www.channelproject.com>.

#### **Independent review to investigate AQIS effectiveness**

In mid February the Federal agriculture minister Tony Burke announced that an independent review would be made into the effectiveness of Australian Quarantine and Inspection Service (AQIS) practices. The review will investigate AQIS practices and will focus on the issues surrounding the equine influenza outbreak, as well as accusations from New Zealand and Thai exporters about illegitimate trade bans disguised as AQIS science. AQIS has been criticised lately, especially from international exporters trying to break into Australian markets. New Zealand apple farmers have been the strongest voice of opposition to AQIS bans and recently, Thailand has protested over the service's embargo on its green prawns. New Zealand recently launched a World Trade Organisation appeal against Australian restrictions. The review will also investigate if the service can handle the pressures of globalisation as well as the factors surrounding the equine influenza outbreak. The report is due at the end of July this year.

#### **Step up to the right business course: Diploma of International Business (BSB52004)**

Doing the right business course is critical to your future success. Ai Group in association with NCLT and UNSW Global (The University of New South Wales) bring to you the Diploma of International Business (BSB52004) an executive model especially designed for busy executives and business people. The diploma has been designed specifically for those seeking an international career in business. Units have been written with a focus on the critically important fields of cultural awareness and intercultural communication. It is suitable for managers with an existing business background wishing to pursue an international career, for middle to senior managers seeking career advancement, for managers wishing to gain an understanding of the international marketplace and for managers seeking a career change. For more information contact Bilyana Petrovski on 03 9867 0152 or email [billie@aigroup.asn.au](mailto:billie@aigroup.asn.au).

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#### **Market in Focus – New Zealand**

##### Why New Zealand

- New Zealand is similar in size to Japan or Britain and has a population of just over four million;
- In a World Bank survey "Doing Business in 2006" New Zealand ranked number one for ease of doing business out of 155 countries;
- New Zealand benefits from a business environment rated the best in the world, the third for ease of international transactions, and third in overall economic freedom;

- New Zealand's long-narrow shape, scattered population centres and export-driven economy have resulted in the development of an extensive, high-quality infrastructure. The country is well served with: telecommunications, ports, international ports, road and rail, utilities, and business space.

The economic and trade relationship between Australia and New Zealand is shaped by the Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA), which came into effect on 1 January 1983. ANZCERTA created one of the world's most open and successful free trade agreements and two-way trans-Tasman merchandise trade has increased at an average annual rate of around 9 per cent following its adoption. Based on trade in goods and services, New Zealand is now Australia's fifth largest market, taking 5.9 per cent of our exports and is the eighth largest source of imports for Australia. Australia is New Zealand's principal trading partner, providing 20 per cent of its merchandise imports and taking 21 per cent of its merchandise exports.

On 1 January 2007, new Rules of Origin (ROO) based on a Change of Tariff Classification (CTC) approach, entered into force under ANZCERTA. Under the CTC approach, a product will generally be covered by the CER agreement as long as the manufacturing process in Australia or New Zealand involves a specified change in its classification under the tariff system. This has simplified the administration of ROO and reduced compliance costs, and also reflects an increasing global trend to use this type of ROO in bilateral trade agreements.

New Zealand is a small open economy. Following a comprehensive reform program that began in the mid-80's, the New Zealand economy is now largely deregulated, and more internationally competitive. The production base has diversified and now includes a range of elaborately transformed manufactures, while maintaining a large export-oriented agriculture sector. Services account for around two thirds of New Zealand's real Gross Domestic Product (GDP), while manufacturing accounts for 15 per cent. In 2006, New Zealand's main merchandise export markets were Australia (20 per cent), the European Union (16 per cent) the United States (13 per cent), Japan (10 per cent) and China (5 per cent). New Zealand's main sources of imports were Australia (20 per cent), the European Union (17 per cent), the United States (12 per cent), China (12 per cent), Japan (9 per cent) and Singapore (5 per cent).

New Zealand is currently experiencing labour shortages due to record low unemployment and high participation rates. Since late 1998 the unemployment rate has been trending downwards and has been below 4 per cent since September 2007. Ongoing labour market tightness has contributed to strong growth in labour incomes while labour force participation has increased to record levels. The unemployment rate was 3.8 per cent in March 2007. The New Zealand Government has identified improving productivity as a key challenge for New Zealand's economy.

New Zealand has free trade agreements with Australia, Canada and Singapore and is negotiating with China, Hong Kong, Chile and Thailand. Preferential duties are offered to Pacific nations (under SPARTECA), to less developed countries such as Romania and Philippines and least developed countries (in the third world) such as Zambia and Rwanda.

#### **Major Australian Exports 2006-07\* (A\$m):**

- Refined petroleum A\$646
- Crude petroleum A\$477
- Passenger motor vehicle A\$435
- Medicaments (incl. Veterinary) A\$379

*\*Includes A\$1bn of confidential items and special transactions, 12% of total exports.*

#### **Major Australian Imports 2006-07 (A\$m):**

- Crude petroleum A\$348
- Paper & paperboard A\$250
- Non-monetary gold A\$224
- Alcoholic beverages A\$204

#### **Export Opportunities**

Opportunities for trade exist in a range of areas including education, wine, and . As a general guide if you are selling well here then you shouldn't have too much of a problem in the New Zealand market.

**Education:** education programs; vocational, skills or employment training programs; tertiary education distance learning; corporate training; educational resources.

**Wine:** red wines with an established profile in Australia, white wines retailing at under A\$8 in Australia, wines from sought after regions such as Margaret River (although the required volumes are often small).

**ICT:** IT, Internet and e-commerce services; software for niche applications; telecommunications products and services; security products (hardware and software); ICT products and services to government; ICT

products and services to agribusiness sector (primary industries); public/private infrastructure (health, education, utilities, transport); and products and services to film and media.

Textile & Fashion: the opportunity for Australian suppliers is in quality products, in niche segments, priced in the middle to upper market bracket, and specifically: street/surf wear, club wear, high fashion garments, and garments for fuller figures.

Food: there are opportunities for Australian exporters across all processed food categories – chilled, frozen and shelf stable. As a general rule, products that are successful in Australian supermarkets and the hospitality industry have potential for success in New Zealand.

Building & Construction: serviced apartments are a growing sector; the Britomart Urban Village – is a project to regenerate 17 historic buildings from the Victorian and Edwardian eras located near the Britomart transport centre in Auckland; and major road and rail projects are planned for the next 10 years in the Auckland region.

Energy & Utilities: renewable energy technology, including wind; electricity co-generation, such as biomass; electricity network augmentation; distributed electricity generation; and small water and waste water reticulation systems.

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### **e-link**

I often get asked about the types of grants and assistance that are available to companies and have come across a website that has some very useful information. This particular site <http://www.business.gov.au> shows you all of the grants and other funding programs available from the federal, state and territory governments and in some cases from local councils. There is assistance available for business activities such as expanding your business, research and development, innovation and exporting. The site also contains information on intellectual property, e-business, importing & exporting, market research & statistics, to name a few. So have a look, you never know your business may be eligible to receive a grant or some government funding.

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### **Trade Missions**

#### Incoming Missions

##### **CeBIT Australia**

20 – 22 May 2008

CeBIT Australia 2008 is the largest business technology event in the region. The event features over 750 technology solution providers organised into 28 specialist show floor categories, ranging from CRM and Telecommunication to e-marketing and Open Source Software, making it quick and easy for your business to find the products and services you want to investigate. One of the main features of the show is the five specialist business conferences focused on core ICT issues. The exhibition attracts more than 35,000 visitors internationally. Visit <http://www.cebit.com.au> to register online and receive a discount on your entry.

#### Outgoing Missions

##### **2008 EEASA-JMAC Lean Manufacturing Japan Study Tour**

13 – 20 April 2008

The Engineering Employers Association, South Australia (EEASA) and JMA Consultants (JMAC) would like to invite you on a unique experience to the home of lean manufacturing. The study tour will provide participants a first-hand view of factory operations and productivity improvements at key Japanese manufacturing sites. Visits have been secured to Toyota (automotive), Sekisui Heim (construction), Gifu Body (automotive) and Panasonic (Home Appliance Recycling). For more information contact Terri Nation on 08 8300 0133 or email [terri@eeasa.asn.au](mailto:terri@eeasa.asn.au).

##### **ISK-SODEX Istanbul 2008**

8 – 11 May 2008

This fair is the biggest trade fair of the Eurasian Region, the third biggest trade fair of its kind in the world, and displays the latest developments and state of the art technologies in heating, cooling and air-conditioning. The fair is organised by Hannover-Messe in conjunction with the Air-Conditioning & Refrigeration Manufacturer's Association. The last fair was held in 2006 and had over 73984 visitors from more than 81 countries including, Australia, France, Germany, Japan, Italy, South Africa, Thailand, United Kingdom, and USA. For more information visit <http://www.ito.org.tr> or email [ito@ito.org.tr](mailto:ito@ito.org.tr).

## Trade Delegation to Microsoft Headquarters Redmond - USA

4 – 6 June 2008

Austrade in conjunction with Microsoft is organising a mission to the Microsoft Redmond Headquarters and invites Australian Financial Services Technology and solutions providers to participate. The mission is the first of its kind and will provide participants with an excellent opportunity to gain early access to Microsoft's product development vision and meet with key Product Managers at Redmond. Learn first hand how Microsoft is evolving both as a company and a technology platform to meet the growing demands of the Financial Services industry. In addition there will be a day of commercial networking with USA Venture Capitalists, Industry experts and other potential business alliances. For more information visit <http://www.austrade.gov.au/MissiontoMicrosoft08>.

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## VICTORIA - Upcoming Events

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### Ai Group Events

#### Diploma of International Business (BSB52004)

Doing the right business course is critical to your future success. Ai Group in association with NCLT and UNSW Global (The University of New South Wales) bring to you the Diploma of International Business (BSB52004) an executive model especially designed for busy executives and business people. The diploma has been designed specifically for those seeking an international career in business. Units have been written with a focus on the critically important fields of cultural awareness and intercultural communication. It is suitable for managers with an existing business background wishing to pursue an international career, for middle to senior managers seeking career advancement, for managers wishing to gain an understanding of the international marketplace and for managers seeking a career change.

**Date:** 15,16,23,24 April & 15,16,22,23 May

**Venue:** Australian Industry Group  
20 Queens Road, Melbourne

**Contact:** Bilyana Petrovski on 03 9867 0152 or email [billie@aigroup.asn.au](mailto:billie@aigroup.asn.au)

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### Bilateral Chamber & Foreign Trade Commissions Networking Events

Australian British Chamber of Commerce

#### Lunch Briefing – Global Opportunities

Guest speaker will be Digby, Lord Jones of Birmingham, UK Minister of State for Trade & Investment. Lord Jones was appointed Minister for Trade & Investment at the Department for Business, Enterprise & Regulatory Reform and the Foreign and Commonwealth Office on 29 June 2007.

**Date:** Wednesday 2 April

**Venue:** Crown Towers, River Room  
8 Whiteman Street, Southbank, Melbourne

**Time:** 12.00pm – 2.00pm

**Cost:** \$110.00 ABCC members  
\$140 ABCC Non-member

**Contact:** Helen Walford on 03 9650 6000 or email [abccvic@britishchamber.com](mailto:abccvic@britishchamber.com)

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### Other Events incl. Austrade/TradeStart

Department of Foreign Affairs and Trade

#### Consultation – Australia-India Free Trade Agreement Feasibility Study

Stakeholder meetings will be held in Melbourne in relation to the Australia-India FTA. The feasibility team will update you on developments with the study, and is keen to hear your views/experience on trading with India, including advice of what an FTA could achieve. Therefore if you trade or wish to trade with India; your business has issues accessing the Indian market; or there are other factors that affect your import/export/investment dealings with India, you should consider attending the consultations. If you are

unable to attend, separate written submissions or comments are also welcomed by the feasibility team. Submissions are due by 28 March.

**Date:** Monday 17 March  
**Venue:** Department of Foreign Affairs and Trade – Victoria State Office  
Level 14, 2 Lonsdale Street, Melbourne  
**Time:** To be confirmed  
**Contact:** Zoe Brewer on 03 9221 5436 or email [zoe.brewer@dfat.gov.au](mailto:zoe.brewer@dfat.gov.au)

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## NEW SOUTH WALES - Upcoming Events

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

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### Other Events incl. Austrade/TradeStart

Department of State and Regional Development

#### **Workshop: the effective office...and lean thinking**

The workshop is aimed at those responsible for office/business processes who are looking for practical tools and tactics that will provide an edge, quickly. It is also suitable for those who lead, guide, and/or implement office/business process strategies but need to understand the hands-on practical issues and tools.

**Date:** Thursday 3 April  
**Venue:** Western Sydney Business Centre  
NSW Department of State and Regional Development  
Level 2, 470 Church Street (cnr Harold Street), Sydney  
**Time:** 8.00am – 10.00am  
**Cost:** \$0.00  
**Contact:** Mangala Srinivasan on 02 8843 1116 or email [mangala.srinivasan@business.nsw.gov.au](mailto:mangala.srinivasan@business.nsw.gov.au)

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## QUEENSLAND - Upcoming Events

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

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### 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:** Tuesday 8 April  
**Venue:** Australian Industry Group  
202 Boundary Road, Spring Hill  
**Time:** 9.00am – 4.30pm  
**Contact:** Fiona Green on 03 9867 0276 or email [fiona.green@aigroup.asn.au](mailto:fiona.green@aigroup.asn.au)

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### Other Events incl. Austrade/TradeStart

Queensland Government

#### **Workshop: Getting Export Smart Series**

The Getting Export Smart series comprises one introductory seminar and four workshops designed to help businesses access lucrative overseas markets. The workshops focus on practical ideas, tools and strategies that you can put to work in your business straight away. The workshops will show you how to plan for export, market what you've got overseas and get paid for it, and maximise your exports online.

The series is an initiative of the Queensland Government and is run by specialists from government and industry.

**Date:** Various dates throughout April & May  
**Venue:** Various Regional Centres in Queensland  
**Cost:** Various depending on module  
**Contact:** Visit <http://www.export.qld.gov.au> for dates and times in your area

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