

# TradeWays

INTERNATIONAL OPPORTUNITIES FOR AUSTRALIAN BUSINESSES



*Edition 94 May 2009*

## In This Issue:

[News](#)

[Market in Focus](#)

[e-link](#)

[Incoming & Outgoing Missions](#)

Upcoming Events:

[Victoria](#)

[New South Wales](#)

[Queensland](#)

## From the Trade Desk

It is Export Award season again! We know that the application is hard work and that when money is tight it seems a big ask to spend time on something that won't generate income, however there are a number of pay-offs. 1. It helps the planning process to stop, think and review the hard work so far, as well as remembering what worked and what didn't. 2. If you do win it really boosts staff moral and encourages everyone to keep going. 3. It has great marketing kudos, especially overseas.

Please consider applying. If you have any questions or would just like to discuss it with someone, please don't hesitate to contact the Trade team on [trade@aigroup.asn.au](mailto:trade@aigroup.asn.au)

## News

### A Budget Supporting Recovery and Renewal

The Budget supports the economy in these tough times while pushing the re-set button in a number of important areas. These include infrastructure, education, science, innovation and welfare reform, said Australian Industry Group (Ai Group) Chief Executive Mrs Heather Ridout.

The Government has mapped a strategy for returning the Budget to surplus over a period that is comparable with the experience of previous recessions. There are risks to the growth rates projected beyond 2009-10 and our assessment is that more savings may be needed to address these risks.

The announced investments in road, rail and port infrastructure are particularly welcome. These investments will lift the productive potential of the economy over the long term.

"Measures for business include the increase in the investment allowance for smaller businesses, the additional funding for the Export Market Development Grants (EMDG) Scheme and the recasting of the Research and Development tax incentive. The extension of the First Home Owners Boost will provide additional stimulus to the housing industry and the many businesses supplying home construction," Mrs Ridout said.

The Budget provides a one-off additional boost of \$50 million to the Export Market Development Grant Scheme (EMDG) for 2008-09. The Scheme provides financial assistance to small and medium sized Australian businesses to develop export markets through the reimbursement of up to 50 per cent of their expenses incurred on eligible export promotion activities. This additional money will bridge a previous funding shortfall and allow reimbursement of eligible expenses incurred during the 2007-08 financial year.

### Applications now open for the 47<sup>th</sup> Australian Export Awards

Open more doors for your business. It doesn't matter if you are big or small, new or experienced, although your products need to be inspirational, innovative and creative. Winning an award will give your company the competitive edge by: raising profile in Australia and overseas; increased credibility; access to resources to help you export even more successfully; and motivating your team by recognising their achievements. To enter the Australian Export Awards you will need to enter through your local State or Territory program, where your head office or most operations are established. [Click here](#) to download the application form for your state or territory.

**Global economic crisis fails to shake the faith of Australian business in globalisation**

EFIC's 2009 Global Readiness index (GRi) spanned 726 Australian businesses. It found that 84% of companies with offshore operations are planning to expand them, 52% within the next year. Of respondents without offshore operations, 44% are planning to go offshore, 32% within the next two years. So companies aren't tearing up their expansion plans, or even putting them aside temporarily, but rather are setting out for new markets, despite stiff headwinds, to position themselves for when growth resumes.

What is motivating companies to globalise?

The GRi shows that they are overwhelmingly in pursuit of increased revenues and market share: 71% rate this as their chief reason. Pursuits of economies of scale or lower costs are rated as a reason for offshore expansion by only 38% of businesses, with a mere 3% seeing this as the main driver.

In terms of the obstacles to going global, access to finance is by far the most significant. Fifty-eight per cent see it as a barrier; 34% nominate it as the biggest one. In 2008, only 29% of companies rated access to finance a major obstacle, with the change reflecting the intensification of the credit crunch. In addition, the smaller a business's revenue, the more likely that finance will be a barrier. SMEs seem to be suffering disproportionately from the decline in banks' lending appetite.

Last year's GRi survey showed a high percentage of respondents – 73% – used retained earnings to finance exports or offshore expansion. This year that reliance is even greater for those financing offshore expansion – 82% (and 64% say it's their top method). External funding comes a long way behind: only 30% of respondents use a debt facility from an Australian financial institution, and only 4% rate this as their primary funding source.

The global economic crisis has clearly raised the finance barrier for Australian companies with export and offshore operations. However, it's encouraging to see that they remain optimistic about globalisation and are preparing their businesses for when economic conditions do improve. [Click here](#) to access the full report.

[Back to top](#)

## Market in Focus – Malaysia

Why Malaysia

- Malaysia is one of the fastest growing economies in the region;
- Malaysia is a significant export market for Australia and our 12<sup>th</sup> largest trading partner;
- It is also our third largest trading partner in ASEAN; and
- Total trade in 2007-08 was \$14 billion (2.9 per cent share of Australia's total trade).

Malaysia is competing hard with other countries in the region to provide a pro-business environment. To this end the government has relaxed foreign ownership laws in the manufacturing sector and has also implemented a range of incentives to attract investors in priority areas such as operational headquarters, regional distribution centres and international procurement centres. The government has also invested heavily in infrastructure to facilitate both efficient business and a high standard of living, particularly in the major centres.

In late April of this year Prime Minister of Malaysia, Dato' Sri Mohd Najib Abdul Razak made an announcement on the liberalisation of Malaysia's services sector. The services sector contributes 55 per cent to the GDP and accounts for 57 per cent of the total employment in Malaysia. Recognising the growth potential in the services sector, the Government has decided to immediately liberalise 27 services sub-sectors, with no equity condition imposed. These sub-sectors are in the areas of health and social services, tourism services, transport services, business services and computer and related services. The liberalisation of the services sector is pursued with the view of creating a business environment to attract investments, technology and to create higher value employment opportunities. These efforts are expected to enhance the level of competitiveness of the services sector in the country. To download the complete media release [click here](#).

Malaysia's 2020 vision is to achieve developed nation status. The government plans and manages its progress towards achieving this vision through five year plans.

On 7 April 2005, Australia and Malaysia agreed to launch negotiations on a bilateral Free Trade Agreement (MAFTA). The decision to begin MAFTA negotiations built on an already strong and broad-ranging bilateral relationship. It also followed consideration by both governments of comprehensive scoping studies into the likely impact of a bilateral FTA. The studies reached the conclusion that MAFTA would deliver significant benefits to both countries.

Four full rounds of MAFTA negotiations have been held since May 2005, the most recent in Kuala Lumpur in July 2006. Negotiations were then suspended in favour of pursuit of the recently concluded ASEAN-Australia-New Zealand FTA. Australian and Malaysian officials met in Canberra on 24-25 November 2008 and agreed on a process and work program with a view to resuming formal MAFTA negotiations in 2009. Both sides have committed to completing a comprehensive, high-quality agreement.

## Major Australian Exports 2007-08\* (A\$m):

- Coal A\$435
- Crude petroleum A\$396
- Aluminium A\$372
- Copper A\$372

\*Includes A\$490m of confidential items, mainly wheat and sugar, 12% of total exports

## Major Australian Imports 2007-08 (A\$m):

- Crude petroleum A\$3,196
- Computers A\$895
- Monitors, projectors & TVs A\$744
- Telecom equipment & parts A\$311

## Export Opportunities

Opportunities exist in the following areas:

- Oil and Gas: oil companies will invest heavily over the next 5-10 years to develop new discoveries in deeper waters;
- Education and training: the Government is making significant investments to help Malaysia reach "developed" status by the year 2020;
- Information and Communication Technology: major local players are increasing their investments in the latest ICT technologies;
- Agriculture: the Government is encouraging activity in horticulture and animal husbandry to stem the increase in food imports;
- Environment: Government efforts to overcome weaknesses in sub-sectors such as Municipal Solid Waste and Air Pollution;
- Power: transmission and distribution deficiencies in Peninsula Malaysia
- Water: opportunities exist around Non-Revenue Water and the deterioration in water quality for end-users;
- Aerospace: Government promoting collaborations with foreign companies with incentives available in the areas of MRO, Training and Manufacturing;
- Construction: further investment expected in land, sea and air infrastructure under the 9<sup>th</sup> Malaysia Economic Plan (2006-2010)
- Healthcare and Medical: Ministry of Health looking to upgrade and restructure health services to cope with increasing demands and ageing population.

[Back to top](#)

## e-link

Need to know about trends in supply chain operations? For news on logistics and transportation use [EyeForTransport](#). It has become the world's leading provider of logistics and transportation information and services. Through its network of more than 100 journalists, editors and consultants around the world, it covers every important news story and background of new trends in the field in all major world regions. Also take a look at its [industry blue reports](#) and its [directory of supply chain services database](#).

[Back to top](#)

## Trade Missions

### Outgoing Missions

#### CommunicAsia 2009 Singapore

16 – 19 June 2009

Is Asia Pacific region's largest international ICT trade fair. Key market opportunities include: digital media – digital video, audio and graphics; Software & applications across major industry sectors, including health, education & mobile; Networking and communications; Infocomm research and development, education and training; and system management and infrastructure. There is a special offer available to Victorian ICT companies to purchase and exhibit on your own Pod on the Victorian section of the Australian Pavilion. For more information [click here](#).

#### Big 5 2009

23 – 26 November 2009

The Big 5 is the most comprehensive event of the year for contractors, specifiers, architects, engineers and buyers throughout the GCC countries. With a staggering 58,040 trade visitors attending last year's show, an increase of over 44% in attendees, it confirms that the Big 5 is the construction show. The show features National Pavilions from all the major exporting countries of the world, alongside important local developers, contractors, importers, manufacturers and distributors. Products include: building and construction; water technology and environment; air conditioning and refrigeration; cleaning and maintenance; glass and metal; bathroom and ceramics; marble and stone; and plant, heavy machinery and construction vehicles. For more information on how you can participate contact Keith Stubbs on 03 9411 4553 or email [kstubbs@mbav.com.au](mailto:kstubbs@mbav.com.au).

[Back to top](#)

## VICTORIA - Upcoming Events

## Ai Group Events

### **Workshop: TradeDocs Express – Letters of Credit and Export Documentation**

This full day comprehensive and practical program is designed to provide you with a straightforward guide to export documentation. Find out how to comply with your Letter of Credit requirements to improve security of payment, and learn more about the purpose and application of trade terms in order to become a more successful exporter.

**Date:** Tuesday 16 June  
**Venue:** Ai Group  
20 Queens Road, Melbourne  
**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)

[Back to top](#)

## Other Events incl. Austrade/TradeStart

Australian British Chamber of Commerce

### **Lunch Briefing: Market Update – the good, the bad and the ugly**

Prominent financial commentator Robert Gottliebsen asks the tough questions on the economy and the state of the market in the immediate post-budget environment. Introduced by The Lord Mayor of Melbourne Robert Doyle, panellists include: Saul Eslake, ANZ Chief Economist; Hamish Douglas, Chairman Magellan Financial Group; and Tom Elliott, Managing Director MM&E Capital.

**Date:** Friday 22 May  
**Venue:** Zinc @ Federation Square  
Cnr of Flinders & Swanston Streets, Melbourne  
**Time:** 12.00pm – 2.00pm  
**Cost:** \$120.00 ABCC members  
\$160.00 ABCC non-members  
**Contact:** Visit <http://www.britishchamber.com> or contact Helen Waldron on 03 9650 6000

Austrian Consulate General

### **Business Lunch**

In conjunction with the designated Honorary Austrian Consul General in Victoria a business lunch will be held consisting of Melbourne and Austrian businesses. Guest of honour is His Excellency The Austrian Ambassador Dr. Hannes Porias. A must attend for companies that are looking to network with Australian and Austrian businesses and become acquainted with Australia-Austrian trade relations.

**Date:** Friday 5 June  
**Contact:** Email expressions of interest to [sydney@austriantrade.org](mailto:sydney@austriantrade.org) by no later than 25 May 2009

[Back to top](#)

## NEW SOUTH WALES - Upcoming Events

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

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## Other Events incl. Austrade/TradeStart

Australian Innovation Festival

### **Lunch Briefing: 2009 International Leaders Series - Chile**

The focus for May as part of the Australian Innovation Festival is Chile. Hugo Lavados, Chile Minister for Economy and Innovation is leading a business delegation to coincide with the Free Trade Agreement with Australia. Guest speakers include: Hugo Lavados, Minister for Economy and Innovation, Chile; Tim Harcourt, Chief Economist, Australian Trade Commission; Fernando Fischmann, Founder and CEO, Crystal Lagoons Corporation; Robin Batterham, Chief Technology Officer, Rio Tinto; and Carlos Alvarez, Executive Vice President, Chile Economic Development Agency.

For more information on the events taking place throughout Australia visit <http://www.ausinnovation.org>.

**Date:** Wednesday 27 May  
**Venue:** Shangri-La Hotel  
176 Cumberland Street, Sydney  
**Time:** 12.00pm – 2.00pm  
**Cost:** \$120.00  
**Contact:** Email [info@ausinnovation.org](mailto:info@ausinnovation.org)

Austrade

**Seminar: Green Technology for the Future – Access services to grow and compete globally**

If you are an Australian clean energy and clean technology firms who are interested in developing their capability to grow and compete internationally and/or preparing to enter international markets or looking to expand their current export or investment activity you should attend this seminar series. Hear about services and programs you can access to strengthen your industry capability and international reach; make contacts with Government agencies who can help you; learn about financial assistance available to you; obtain an overview of the ASEAN clean energy sector – its challenges and opportunities; network and build relationships with industry and government allies..

**Date:** Wednesday 3 June  
**Venue:** Department of State and Regional Development  
Level 47 MLC Building 19 Martin Place, Sydney  
**Time:** 9.00am – 2.00pm  
**Cost:** \$0.00  
**Contact:** Visit <http://www.austrade.gov.au/cleanenergy> or call 13 28 78

[Back to top](#)

## QUEENSLAND - Upcoming Events

[Ai Group Events](#)

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

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### Ai Group Events

**Workshop: TradeDocs – Letters of Credit and Export Documentation**

This full day practical program is designed to provide you with a straightforward guide to export documentation. Find out how to comply with your Letter of Credit requirements to improve security of payment, and learn more about the purpose and application of trade terms in order to become a more successful exporter.

**Date:** Thursday 28 May  
**Venue:** Ai Group  
202 Boundary, 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)

[Back to top](#)

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**Date:** Thursday 4 June  
**Venue:** Queensland Department of Public Works  
Level 3 80 George Street, Brisbane  
**Time:** 9.00am – 2.00pm  
**Cost:** \$0.00

**Contact:** Visit <http://www.austrade.gov.au/cleanenergy> or call 13 28 78

[Back to top](#)

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