

TradeWays

INTERNATIONAL OPPORTUNITIES FOR AUSTRALIAN BUSINESSES



Edition 104 April 2010

In This Issue:

[News](#)

[Market in Focus](#)

[e-link](#)

[Incoming & Outgoing Missions](#)

Upcoming Events:

[Victoria](#)

[New South Wales](#)

[Queensland](#)

[South Australia](#)

From the Trade Desk

TradeWays was prepared as we were getting ready for a major trade mission to South America. We are part of an Australian contingent with over 40 companies and the Minister for Trade, Simon Crean descending on Santiago for Expomin. However the interest isn't just one way, Chileans and Colombians are all very keen to meet with Australians and our program is filling quickly. If you feel like you missed out on the rush to China and India and haven't yet considered South America, now is the time to do so. The first place to start is our Chile page, <http://www.aigroup.com.au/trade/export/chile>. This page will be updated with more market information and a new page on Colombia at the conclusion of the current trade mission.

News

We need your feedback: Enhancing aviation security by increasing regulation

The Australian Government is planning to enhance aviation security by increasing regulation of the air cargo supply chain by developing an Australian Regulated Shipper scheme. Essentially, the new scheme will require that all cargo carried on passenger aircraft must either originate from a Regulated Shipper or be cleared by special screening techniques. With 80% of all cargo, both domestic and export, carried on passenger flights these changes will affect how Ai Group Members ship their goods in future. Although the scheme is currently under development, it is clear that Regulated Shippers will be subject to specified security controls and cargo will need to be maintained in a secure state prior to uplift.

The Department of Infrastructure, Transport, Regional Development and Local Government is currently undertaking consultations with industry. For more information or to contribute feedback, please contact Nicole Forrester on 02 6233 0713 or email nicole.forrester@aigroup.asn.au.

Industry in recovery mode in 2010

The latest Australian Industry Group/Deloitte CEO survey, Industry in Recovery Mode in 2010, suggests that growth in the ninety percent of the economy represented by the manufacturing, construction and services sectors is going to be reasonably solid, albeit uneven, in the year ahead. This report complements the strong showing expected from the mining sector. "We are very pleased the economy is rebounding and looks set to consolidate this year with improving conditions anticipated across manufacturing, services and construction. However, the recovery is uneven and the rebound will not be as sharp as that which occurred following previous downturns. Despite the stronger sales and employment expectations, investment trends across these sectors remain soft and conservative," Ai Group Chief Executive, Heather Ridout, said. "We expect business performance in 2010 to reflect the positive drivers such as improving consumer confidence, rising household wealth and exposure to strong growth in China. Partially offsetting these positives will be the fading of fiscal stimulus, rising interest rates and the dampening impacts of the stronger dollar on exporting and import-competing businesses.

Manufacturing Partner for Deloitte, Damon Cantwell, advised businesses that 2010 would provide a range of opportunities for companies to recover ground. "While 2009 was characterised as a year founded on survival, 2010 offers real opportunities for growth," Mr Cantwell said. Mr Cantwell warned companies to ensure they were across what the data was saying about how their individual sector was likely to fare

through the recovery. "The Ai Group CEO survey points to specific strategies that companies can adopt to position themselves to make the best of the recovery. "This includes engaging with growth markets including China and India, and ensuring they are making the most of the support available through government initiatives for R&D and innovation," Mr Cantwell said.

Survey highlights include:

- An improvement in activity is expected in 2010 in all three sectors surveyed, although it is likely to be stronger in the services and manufacturing sectors than the construction sector.
- Improving consumer confidence in incomes growth and employment prospects, rising household wealth and exposure to strong growth in China will drive growth in the coming year.
- The fading of Government stimulus and rising interest rates will particularly impact on the construction industry.
- Manufacturers on average anticipate a 5.6% increase in the nominal value of sales in 2010, to around \$415 billion, in the services sector sales are forecast to rise 6.6% and construction sales are expected to grow by 2.5% in 2010.
- Employment will improve modestly. Building on gains late in 2009, the manufacturing sector expects a 2.9% lift, in the services sector employment is anticipated to rise by 2.3% while the construction industry is expecting only a slight improvement of 0.5%.
- Employers across the sectors are concerned about a possible re-emergence of skills shortages as the economy returns to growth and how this will impact on employment and wages.
- Spending on R&D and training will grow conservatively in 2010. Businesses in the services sector are likely to spend the most on R&D but training budgets remain tight, manufacturing up 3.4%, services 1.9% and construction 1.2%.
- The higher exchange rate will continue to cap exports in 2010. The services sector is expecting the biggest lift, 8.2%, bringing total exports in 2010 to around \$57.7 billion.

The full survey can be found at <http://www.aigroup.com.au/policy/reports>.

Methyl bromide banned for quarantine pre-shipment

A European Union ban on the use of methyl bromide as a pre-shipment and quarantine fumigant has come into force. The Australian Quarantine and Inspection Service (AQIS) said certificates for methyl bromide fumigations performed by EU countries after 18 March would not be accepted. Information on alternative treatments for products requiring fumigation is available [here](#). The methyl bromide ban is one of a number of changes affecting the use of ozone-depleting substances stemming from the Montreal Protocol. Methyl bromide is mainly used in soil treatments, fumigating mills and processing plants, stabilising some food products and for guarding against pests that could arrive in cargo, particularly wood products.

Trade - jobs data shows economy buoyant

International trade and job vacancies data confirm the economy entered 2010 with increasing momentum. Trade figures released today from the Australian Bureau of Statistics (ABS) showed the trade deficit jumped back to \$1.92 billion in February after narrowing surprisingly to \$1.12 billion in January, seasonally adjusted. Export revenue contracted by \$287 million (1.4 per cent) to \$19.92 billion, but imports of goods and services expanded to \$21.84 billion, an increase of \$516 million (2.4 per cent). The bureau's trend estimates show imports rising by \$169 million per month, compared with monthly export growth of \$94 million. This is despite a strong exchange rate, which typically masks growth in trade volumes by depressing prices. A widening trade deficit is typical of boom times in the economy, even if the economy is being driven along by strong markets for export commodities, as is the case at the moment. Other data released today confirmed job vacancies are rising. The total number of job vacancies in Australia in February 2010 was 169,300, in seasonally adjusted terms, the ABS said. This was the first release of data from the vacancies survey since it was suspended due to budget pressures at the ABS after the May 2008 survey. Surveying resumed in November 2009. The strength in the labour market is nevertheless despite the five-quarter gap. The February estimate was an increase of 18,800 or 12.5 per cent from November, and only 15,100 or 8.2 per cent below the all-time high level recorded 21 months earlier prior to the break in the survey.

Biggest boxship plies Australian trade

Major eastern ports played host last month to what is claimed to be the largest containership ever to be deployed to Australia. The 5688 teu Xin Yan Tai, owned and operated by China Shipping Container Lines, docked at DP World's Port Botany terminal at the weekend and will call at the stevedore's Melbourne and Brisbane terminals before departing local waters. She exchanged 2750 containers in Sydney; with those being loaded bound for the trading hubs of Hong Kong, Shanghai and Taiwan, and is expected to swap more than 3000 containers in Melbourne and a further 1220 in Brisbane. A DP World source said Melbourne's channel deepening had been crucial to the visit. DP World Australia managing director

Ganesh Raj said the Xin Yan Tai was about 1400 teu larger than the current vessels involved in the trades operating in Australia and these bigger ships could be expected to call more regularly. China Shipping Australia managing director Jianqiang Jiang and general manager Fady Hayek highlighted the growth in the size of the ships it had on its Australian trade over the past 11 years, having started in 1999 with 1000 teu ships, with further steps of 2500 teu and 4250 teu.

[Back to top](#)

Market in Focus – Russia

Why Russia

- The Russian Federation is the largest country in the world in both total area and geographic extent;
- It covers more than an eighth of the Earth's land area and stretches from the Baltic and Black Seas in the west to the Pacific Ocean in the east;
- It has a population of 142 million people;
- It extends across the whole of Northern Asia and 40 per cent of Europe, spanning 11 time zones and incorporating a great range of environments and landforms;
- Russia is growing in importance as a market for Australian exports and investment, a trend that is expected to accelerate once Russia's WTO accession is complete.

Russia is a vast country with a wealth of natural resources. It is the world's largest exporter of natural gas and, since 2007, the largest exporter of oil. Russia's economy is heavily dependent on these exports. Prior to the global financial crisis, the oil and gas sector generated more than 60 per cent of Russia's export revenues, and accounted for 30 per cent of all foreign direct investment (FDI) in the country.

Russia has not been immune to the global economic crisis and, in line with other high growth markets; forecasts for economic growth are down. However, despite this, Russia's fundamentals remain strong in the medium to long term even if growth does dip. Russia's massive potential will be enhanced further if Russia pushes through a range of institutional and economic reforms necessary to complete the transition to a stable, rules-based economy.

Russia is a middle-income country. It is the eighth largest retail market in the world, having surpassed Brazil, Mexico, Spain and Italy in recent years and the fourth largest market in Europe, behind only the United Kingdom, Germany and France.

Russia is growing in importance as a market for Australian exports and investment, a trend that is expected to accelerate once Russia's WTO accession is complete. Two-way merchandise trade between Australia and Russia was worth \$1.715billion in 2008, an increase of 117.6 per cent on the previous year. Russia is now Australia's 33rd largest merchandise trading partner. Australian merchandise exports to Russia in 2008 were worth \$1.115billion, and imports from Russia totalled \$600million. Key Australian exports to Russia in 2008 included meat (particularly beef) and live animals. Crude petroleum and fertilisers dominated Australian imports from Russia in 2008. Australia's exports of services to Russia in 2008 were valued at \$102 million, and imports of services from Russia were valued at \$76 million. Services exports are growing in areas such as education, tourism and specialist services for the mining, metallurgy, oil and gas industries.

Major Australian Exports 2008-09* (A\$m):

- Beef A\$164
- Meat (excl beef) A\$744
- Live animals (excl seafood) A\$37
- Hides & skins, raw (excl furskins) A\$24

**Includes A\$484m of confidential items, 56% of total exports*

Major Australian Imports 2008-09 (A\$m):

- Crude petroleum A\$377
- Fertilisers (excl crude) A\$55
- Pig-iron A\$10
- Aluminium A\$7

Export Opportunities

Western goods and expertise remain in demand.

The most promising areas for longer-term activity in Russia have been identified as follows:

- Advanced Engineering
- Financial Services
- ICT
- Power/Energy
- Sports & Leisure Infrastructure

Opportunities have also been identified in the following sectors:

- Airports
- Construction
- Creative Industries
- Rail
- Water

As in any new market, some challenges you may encounter include:

- European and Asian companies remain tough competitors due to their proximity to the Russian market and their longstanding relations with Russian organisations and companies.
- One of the major barriers to the Russian market remains its differing business etiquette and culture.
- Bureaucracy, poorly established rule of law and corruption affect such areas as establishing a business, tax collection, dispute settlement, property rights, product certification and standards, as well as Russian Customs clearance.
- Adequate financial resources for Russian small and medium sized companies still remain a problem, but it is not as acute as it was in years past. More foreign banks are operating in Russia and more cash is circulating within the economy due to the Russian oil and gas boom.
- Increasingly high overhead costs can sometimes outweigh high profit margins.
- Finding qualified local partners and Russian employees has become more difficult and salaries for local employees have risen significantly, especially in Moscow and St Petersburg. The pool of managers who understand Western accounting and business practices remains limited, as do those qualified, experienced Russians proficient in English.
- As a result, this group circulates among major companies, bidding up salaries. Recently, Russian authorities have taken steps to encourage international companies to rely more on local talent by tightening visa regulations for foreign workers.
- The Russian Government continues to use its oil and gas resources to increase state ownership in strategic industries and companies. Foreign companies can find it unclear as to which sectors are open to investment without Russian majority partners.

[Back to top](#)

e-link

[Superpages.com](#) is a guide to online Yellow Pages of most countries. Choose the region you want to focus on and browse the country of your choice. This website is a good resource to get direct access to business directories around the world with a few clicks.

[Back to top](#)

Trade Missions

Incoming Missions

CII (The Confederation of Indian Industry) Business Delegation to Australia

April 2010

Ai Group members have the opportunity to meet with senior representatives of the CII Business Delegation to Australia in mid to late April. If you would like to meet with the delegation contact Nicole Forrester on 02 6233 0713 or email nicole.forrester@aigroup.asn.au.

DesignBUILD 2010

23 – 25 June 2010

The new-look DesignBUILD 2010 features the largest and most comprehensive showcase of domestic and international building products, services, and technologies in Australia. The Melbourne events include a newly-designed Exhibition, a Commercial Building Conference, Excellence Awards, multiple product features and live-demonstrations showcasing the latest new, innovative and sustainable building products available to the industry. The 2010 event is also co-located for the first time with the CEDIA EXPO 2010. The 2010 programme is specifically designed for Architects, Specifiers, Design Engineers, Developers, Planners as well as Builders, Trades Professionals, Building and Construction Professionals. This is Australia's most comprehensive, must-attend building and construction showcase. Register to visit [here](#). Ai Group is working with the Victorian Government and Austrade to bring a number of Indian Property Developers to visit DesignBUILD. If you would like to register your interest in meeting these companies email louisem@aigroup.asn.au.

Outgoing Missions

Clever Canberra – ACT Government Mission to China, Shanghai (including EXPO 2010) and Beijing

5 – 9 July 2010

The ACT Government and Austrade invite Canberra based businesses to express interest in a business mission to Shanghai and Beijing. The mission is a unique opportunity to take a closer look at opportunities

in this dynamic market or expand your existing China business. This mission will coincide with the 2010 Shanghai World Expo and leverage ACT Government's involvement as a Silver Sponsor of the Australian Pavilion. A key mission event will be held in the Australian Pavilion, courtesy of the ACT Government's sponsorship benefits. The mission is themed around the ACT's capacity to generate innovative companies involved in the following sectors: ICT, urban planning and design; business services; clean technologies; niche sport solutions; food and beverage; and creative industries. For further information contact Chris Horsburgh on 02 6201 7572 or email chris.horsburgh@austrade.gov.au.

[Back to top](#)

VICTORIA - Upcoming Events

[Ai Group Events](#)

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

Ai Group Events

Conference: National Construction Conference 2010 – Turning the Corner

The Australian construction industry faces a number of challenges over the next 12 months: a post-GFC market that is buoyant in some sectors and flat in others, a new legislative environment governing workplace relations, a move to national OHS legislation, changing procurement guidelines, and emerging skills shortages driven by the resources sector. The Australian Industry Group's Turning the Corner National Construction Conference will examine these and other contemporary issues impacting on construction industry employers. The conference will provide perspectives from practitioners and industry participants supported by interactive panel discussions involving industry leaders, representatives of government and unions.

Date: Thursday 13 May

Venue: The Langham Hotel
1 Southgate Avenue, Southbank

Time: 9.00am – 4.45pm

Contact: [Register](#) or contact Fiona Green on 03 9867 0276 or email fiona.green@aigroup.asn.au

[Back to top](#)

Other Events incl. Austrade/TradeStart

Austrade

Session: EMDG Coaching Session

These small-group, 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. Coaching sessions will be held in most capital cities and regional areas Australia-wide.

Date: Friday 30 April

Venue: Austrade Melbourne
Level 31, 140 William Street, Melbourne

Time: 2.00pm – 4.00pm

Cost: \$0.00

Contact: Register [online](#) or call Austrade Direct on 13 28 78

[Back to top](#)

NEW SOUTH WALES - Upcoming Events

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

Other Events incl. Austrade/TradeStart

Industry & Investment NSW

Seminar: Basic Business Fundamentals

Aboriginal Affairs NSW and Industry & Investment NSW invite Aboriginal existing and potential businesses to learn from key business service agencies on how to successfully start and run a business. The key business service agencies presenting include: Business Advisory Service; Fair Trading; Australian Taxation Office; Federal Department of Education, Employment and Workplace Relations; Indigenous Business Australia; Industry and Investment NSW; Office of State Revenue; WorkCover; and IP Australia. This seminar will provide a great insight into the advisory services, regulatory requirements, and mentoring and funding programs offered by the above agencies to start, grow and sustain your business.

Date: Friday 23 April
Venue: Industry & Investment NSW
Level 2, 470 Church Street, North Parramatta, Sydney
Cost: \$0.00
Contact: Mangala Srinivasan on 02 9219 0723 or email mangala.srinivasan@daa.nsw.gov.au

Austrade

International Tradeshow: CeBIT Australia Conference 2010

Austrade is once again supporting [CeBIT Australia in 2010](#), Australasia's largest and fastest-growing ICT tradeshow and conference. Be a part of Austrade's international delegation and let Austrade introduce you to leading edge Australian companies through a tailored business matching program. This year's event is set to follow last year's success with over 753 exhibitors, 37,000 business visitors and 29 different technology sectors all in the one convenient location. CeBIT will feature 16 targeted and focused floor categories including: Telecommunications & Satellite; eGovernment, eFinance & eHealth; Digital Marketing & Mobile Content; Retail Tech & Hardware; Cloud, Data Centre & Hosting, CRM & other business software; Future Parc; Geospatial & IT Security; Clean Tech; and more.

Date: Monday 24 – Wednesday 26 May
Venue: Sydney Convention & Exhibition Centre
Darling Harbour, Sydney
Cost: \$0.00
Contact: Email Export-ICT@austrade.gov.au

[Back to top](#)

QUEENSLAND - Upcoming Events

[Ai Group Events](#)

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

Ai Group Events

Workshop: TradeDocs – 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: Monday 10 May
Venue: Ai Group
202 Boundary Street, Spring Hill
Time: 9.00am – 4.30pm
Contact: Fiona Green on 03 9867 0276 or email fiona.green@aigroup.asn.au

[Back to top](#)

Other Events incl. Austrade/TradeStart

Austrade

Seminar: US Masterclass Series - Part 1: Setting up a virtual presence

If you want to reach the lucrative, yet competitive US market, you need to be able to effectively use the new online marketing channels and tailor your selling message for a world audience. By attending these masterclasses, you will come away equipped with your next 'exporting steps' from capturing the power of the new digital economy through to dealing with practicalities of meeting US customers face-to-face for deal closure. All the masterclasses will be available in capital cities with live video conference links to Los Angeles. Don't miss the opportunity to hear from US based virtual business experts. With their extensive experience in the ultra-competitive US market, they will detail how to set up and market your presence online, including website development and design, search engine optimisation (SEO), messaging for a 'world' audience, analytics and measurement, partnerships, affiliate marketing, database marketing and more.

Date: Thursday 22 April
Venue: Austrade Brisbane
Level 16, 307 Queen Street, Brisbane
Time: 11.30am – 1.00pm
Cost: \$75.00

Contact: Register [online](#) or call Austrade Direct on 13 28 78

Trade Queensland

Workshop: Getting Export Smart – Preparing for Export

The workshop provides a framework for export planning including: the export process and how exporting fits into your business; the five Cs of exporting – company, country, customer, contact and competitors; how to screen and select export markets; the importance of market research and doing your homework; and an introduction to export planning.

Date: Wednesday 28 April

Venue: Department of Employment, Economic Development and Innovation
26 Marine Parade, Southport

Time: 9.00am – 1.30pm

Cost: \$33.00

Contact: Gold Coast Regional Centre on 07 5583 7599 or email southportbn@deedi.qld.gov.au

[Back to top](#)

SOUTH AUSTRALIA - Upcoming Events

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

Other Events incl. Austrade/TradeStart

Austrade

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Date: Friday 30 April

Venue: Austrade Adelaide
Ground Floor, 50 Hindmarsh Square, Adelaide

Time: 9.00am – 11.00am

Cost: \$0.00

Contact: Register [online](#) or call Austrade Direct on 13 28 78

Boost Business Results

Boost 500 Challenge

Local Business Guru Don Farnden Rebels against Unemployment and is set to Strengthen Small Business Success in South Australia starting with the full spectrum of business strategies. Be one of the first 500 serious South Australian Business Owners to receive the \$1,000 Business Development Grant to strengthen and boost your business results. Applications for the Boost 500 Challenge Grant are now open at www.Boost500.com.au and the successful recipients will attend an all encompassing strategic day with Mr. Farnden in Adelaide, Mount Gambier, or Port Lincoln.

Date: Friday 30 April

Venue: West Adelaide Football Club
57 Milner Road, Richmond

Time: 8.30am – 5.00pm

Cost: \$0.00

Contact: Philip McMartin on 1300 720 123

[Back to top](#)

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