

TradeWays

INTERNATIONAL OPPORTUNITIES FOR AUSTRALIAN BUSINESSES

Edition 103 March 2010

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From the Trade Desk

Following the devastating earthquake in Chile, we have passed on Ai Group's condolences to our counterpart organisation, the Federation of Chilean Industry (SOFOFA). A member of the Australia - Chile Bilateral Business Committee is helping to raise funds for medical equipment needed in Chile. For more information about how to donate contact [Tony Melville](#). In addition, we have updated our [Chile page](#) with information on how to contact people in Chile and other ways to support the reconstruction courtesy of the Chilean Consulate in Melbourne. The Spanish bank Santander has provided us with a first look at the economic impact on Chile of the earthquake.

The Ai Group Mining Trade Mission to Chile and Colombia, April 12-17 is still going ahead. If you would like to join us, or would like feed back on your products from these markets, please email me on louisem@aigroup.asn.au.

News

Services sector remains soft in February

The services sector remained soft in February following a fall in sales and another drop in employment, new orders and supplier deliveries, according to the latest Australian Industry Group/Commonwealth Bank Performance of Services Index (**Australian PSI**[®]). The rate of contraction did ease however, with the seasonally adjusted index rising 0.9 points to 48.3 (readings below the 50 point level indicate a contraction in activity). Growth was strongest in finance & insurance, while conditions remained soft in retail trade for the third consecutive month.

Australian PSI[®] Key Findings for February:

- Sales of services declined for the first time in five months in February, the sub-index dropping 4.4 points to 47.3. Supplier delivery levels were broadly steady, following two months of falls, with the sub-index lifting 3.3 points to 49.5.
- After two months of solid falls, deliveries were relatively steady in February, up 3.3 to 49.5.
- Growth was strongest in finance & insurance in February.
- Interest rate pressures and the fading impact of government spending are particularly hurting the retail trade sector, with its third consecutive fall in activity.
- Businesses in the services sector point to weak consumer and business confidence and cautious levels of investment as restricting demand in the services sector.

[Click here](#) to view the complete report.

New Incoterms expected to take effect in 2011

Incoterms is short for "International Commercial Terms". The International Chamber of Commerce (ICC) introduced the first version of Incoterms in 1936. The current version of Incoterms is called Incoterms 2000. Incoterms are extensively used in international sales contracts as they are widely recognised and understood commercially. Incoterms determine critical issues such as who will pay for the carriage of the goods and the point that risk passes between the parties.

Incoterms 2010 is expected to be more user-friendly and the explanations of each Incoterm will be expanded to assist users of the Incoterms. Some of the specific changes that are expected include: Clear

distinction to be made between the multimodal Incoterms and Incoterms for marine use; Cargo security to be covered to the extent possible with differing regulatory systems; Elimination of some of the current 13 Incoterms; and Inclusion of a new term for use in domestic transactions and transactions where no export or import clearance obligations exist.

Incoterms 2010 are not expected to take effect until 1 January 2011 and the final version has not yet been settled.

**Article sourced from Andrew Hudson, Partner, Hunt & Hunt*

Sydney harbour pilot fees to increase by 23%

Sydney Ports Corporation (SPC) will from 1 April lift the minimum harbour pilotage fees by 23%, its first increase in more than three years. The current boarding fee would rise from \$300 to \$450, taking the minimum overall boarding fee for ships under 4,000gt from \$650 to \$800, excluding the \$25 fuel surcharge. The proposed changes follows discussions between the Port Corporation and Shipping Australia last year, SPC chief executive Grant Gilfillan said. "The last increase to pilotage charges occurred in 2006 and Sydney Ports Corporation needs to continue to provide high-quality and financially sustainable pilotage services," Mr Gilfillan said. All other components of the pilotage fee, including harbour removal and anchorage, will rise by a total of 7.5% over three years from 1 April.

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Market in Focus – Brazil

Why Brazil

- Brazil is too big of a market to ignore. It is the fifth-largest country in the world, with a population of approximately 185 million;
- It has one of the world's most rapidly developing economies and a GDP per year that is greater than either India or China;
- It has natural resources in abundance, a developed industrial base, high standards in scientific research and substantial human capital;
- Brazil has the potential to be one of the most dominant economies in the world by 2050.

Brazil is one of the four countries which together with Russia, India and China, make up the so called BRIC economies. The term was first used in 2001 by the investment bank Goldman Sachs which highlighted the huge potential of Brazil and recognised that, together with the other BRIC countries, it has the potential to be one of the most dominant economies in the world by 2050.

Possessing large and well-developed agricultural, mining, manufacturing and service sectors, Brazil's economy (ranked by the International Monetary Fund in 2008 as the world's tenth largest economy with a GDP of \$US1, 572billion) outweighs that of all other South American countries and is expanding its presence in world markets (Australia was the world's 14th largest economy in 2008 at \$US1, 013 billion).

Economic reform in the 1990s brought stability to the country's finances, putting behind it a history of boom and bust where high inflation and foreign debt hampered its development. Currently, Brazil is the world's 10th largest economy and by far the largest in South America representing over 50 per cent of regional GDP.

Today, Brazil is asserting its presence on the world stage as an emerging power and is enjoying its first sustained period of export-led growth in 20 years. Consumers and businesses have developed higher standards both for quality and value for money and Brazil has a large and prosperous middle class with an appetite for quality goods and services every bit as demanding as the consumer in London, Paris or New York. Brazil has immense potential as a trade and investment partner, with huge opportunities for Australian exporters across a range of sectors.

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

- Coal A\$1,137
- Crude petroleum A\$51
- Fertilisers (excl. crude) A\$28
- Measuring & analysing instruments A\$17

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

- Aircraft, spacecraft & parts A\$121
- Animal Feed A\$92
- Civil engineering equipment & parts A\$74
- Pig-iron A\$74

Export Opportunities

Brazil has a broad and sophisticated industrial base and the government continues its programme of privatisation and deregulation. There is also a growing middle class in Brazil who have real spending power and who appreciate high quality merchandise. If a product or service is generally competitive in world markets it is also likely to be so in Brazil.

Opportunities exist for increased Australian trade and investment in areas such as:

- information technology
- biotechnology
- transportation (rail and marine)
- telecommunications
- banking and insurance
- mining
- water and waste water management
- oil and gas, power
- education
- agribusiness
- tourism and infrastructure

A growing number of Australian companies are now operating in Brazil, though a lack of mutual awareness remains an obstacle to expanding commercial ties.

Brazil is the world's largest ethanol producer and views Australia as a natural partner in the development of a global ethanol market. Brazilian interlocutors have held discussions on bio-fuels with previous Australian government ministers, the Queensland Government and Australian sugar industry representatives.

There are also opportunities for Australian companies to help develop the infrastructure needed for the Football World Cup 2014 and 2016 Olympics which will be hosted in Brazil.

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e-link

The Tariff Concession Gazette is your gateway to information about Tariff Concession Orders. The gazette contains information for importers, manufacturers and other parties involved in Australian trade. The gazette lists applications, revocations and reviews related to Tariff Concession Orders, and are published weekly on the Australian Customs and Border Protection Service website. The gazette also provides an avenue to identify, advise and provide information on a number of tariff concession issues. Tariff Concession Orders are part of the Tariff Concession System whose objective is to assist industry to become more internationally competitive and reduces costs to the general community by providing for duty free entry of certain goods where there is no local industry that produces those goods. To access the Tariff Concession Gazette visit www.customs.gov.au and click on the link on the front page.

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Trade Missions

Incoming Missions

Chance to explore South African business opportunities

17 March 2010

Ai Group members have the opportunity to meet with senior representatives of the South African Government as well as business leaders at a free Trade and Investment Forum to be held in Melbourne on 17 March. Speakers will outline the opportunities for Australian companies in I.T., Manufacturing, Mining and Infrastructure in South Africa and how to use this country as a base from which to target the rest of South Africa. [Click here](#) for more information on this event. Visit our [website](#) for more information about doing business in South Africa.

Outgoing Missions

Mining Mission to Chile: Santiago, Chile, mining regions & possible extension to Columbia

April 2010

Ai Group will be taking a trade mission to Chile with the support of the Victorian State Government. The mission is designed to provide a cost-effective entry to the Chilean market, expose mission members to one of the world's fastest growing economies and provide a comprehensive business matching program for mission participants to identify real project opportunities and long term business partners. Opportunities for exporters exist in: technology of new materials; capital goods maintenance; information technology and communication; and engineering in hydro resources and energy. Secure your appointment with Louise McGrath on 03 9867 0158 or email louisem@aigroup.asn.au to discuss the mission further.

Fair: Hong Kong International Medical Devices and Supplies

3-5 November 2010

An opportunity exists for exporters to join the Australian Pavilion of the Hong Kong International Medical Devices and Supplies Fair and have access to over 5500 international buyers. Key sectors include: Accident and Emergency Equipment; Building Technology and Hospital Furniture; Chinese Medical Devices; Communication, Systems and Information Technology; Dental Equipment and Supplies; Diagnostics; Electromedical Equipment / Medical Technology; Laboratory Equipment; Medical Components and Materials; Medical Supplies and Disposables; Physiotherapy / Orthopaedic / Rehabilitation

Technology; and Textiles. For more information contact Peter Bosevski on 02 9261 8911 or email peter.bosevski@hktdc.org.

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VICTORIA - Upcoming Events

[Ai Group Events](#)

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

Ai Group Events

Economic Forum: Managing the Recovery

Time is running out to register for the 10th annual economic forum. At this year's event, attendees will hear from state treasurers, leading economists and industry specialists on how to manage the recovery. While early signs of growth are encouraging, an improvement in economic conditions requires overcoming some new and some old challenges for business, governments and the Reserve Bank. The potential for inflationary pressures and skills shortages combined with ongoing competitive pressures and a high Australian dollar, mean different things for different businesses.

Date: Wednesday 24 March
Venue: Zinc, Federation Square
Flinders Street, Melbourne
Time: 7.45am – 11.10am
Contact: [Register](#) or contact [Colleen Dowling](#) on 03 9867 0280

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Other Events incl. Austrade/TradeStart

Defence Industry

Training: Defence and Industry ePortal

The Defence and Industry ePortal provides a comprehensive source of information about Defence Industry Capability. Registering on the ePortal will allow you to search a database of over 1,300 suppliers by company and capability and to generate reports with a regional and/or exporting focus. The ePortal also provides notification of tender opportunities, as well as Defence and Industry related events, making it a valuable advertising resource. In 2010 the ePortal will be further enhanced to facilitate participation in the Defence Global Supply Chain. Free ePortal user training is available and will cover several topics: including Capability Taxonomy, the Bulletin Board, and how to search for capabilities or organisations.

Date: Monday 12 April
Venue: Defence Plaza, Auditorium 1
Level 3, 661 Bourke Street, Melbourne
Time: 9.00am – 11.30am
Cost: \$0.00
Contact: Email DMO.BAOVIC-TAS@defence.gov.au by Wednesday 7 April 2010

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NEW SOUTH WALES - Upcoming Events

[Ai Group Events](#)

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

Ai Group Events

Economic Forum: Managing the Recovery

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Date: Thursday 25 March
Venue: Sydney Convention Centre, Bayside Terrace
Darling Drive, Darling Harbour

Time: 7.45am – 11.10am
Contact: [Register](#) or contact [Colleen Dowling](#) on 03 9867 0280

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Date: Tuesday 23 March
Venue: Defence Plaza
Level 25, 270 Pitt Street, Sydney
Time: 9.00am – 11.30am
Cost: \$0.00
Contact: Email DMO.BAOVIC-TAS@defence.gov.au by Wednesday 7 April 2010

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QUEENSLAND - Upcoming Events

[Ai Group Events](#)

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

Ai Group Events

Economic Forum: Managing the Recovery

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Date: Friday 26 March
Venue: The Marriott Hotel
515 Queen Street, Brisbane
Time: 7.45am – 11.10am
Contact: [Register](#) or contact [Colleen Dowling](#) on 03 9867 0280

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Other Events incl. Austrade/TradeStart

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Date: Monday 22 March
Venue: Building D2 – Victoria Barracks
Petrie Terrace, Brisbane
Time: 9.00am – 11.30am
Cost: \$0.00
Contact: Email DMO.BAOVIC-TAS@defence.gov.au by Wednesday 7 April 2010

Austrade

Seminar: Successfully growing your ASEAN Food & Beverage Business

The ASEAN region represents a \$A 4.5 billion food and agribusiness market for Australia. The ASEAN, Australia-New Zealand Free Trade Agreement (AANZFTA) which came into effect on 1 January 2010, is set to increase business engagement through tariff reductions, making now the time to grow your food and agribusiness exports to South East Asia. Attend this seminar to gain practical advice on taking the next steps. You should attend if your Business is new to or currently exporting from the food and beverage sector in the following areas: dairy, functional foods, horticulture, meat, seafood, beverages, and wine.

Date: Monday 22 March
Venue: Port of Brisbane Visitors Centre
Sandpiper Avenue, Port of Brisbane
Time: 9.30am – 11.30am
Cost: \$0.00
Contact: Register [online](#) or call Austrade Direct on 13 28 78

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SOUTH AUSTRALIA - Upcoming Events

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

Other Events incl. Austrade/TradeStart

Defence Industry

Training: Defence and Industry ePortal

The Defence and Industry ePortal provides a comprehensive source of information about Defence Industry Capability. Registering on the ePortal will allow you to search a database of over 1,300 suppliers by company and capability and to generate reports with a regional and/or exporting focus. The ePortal also provides notification of tender opportunities, as well as Defence and Industry related events, making it a valuable advertising resource. In 2010 the ePortal will be further enhanced to facilitate participation in the Defence Global Supply Chain. Free ePortal user training is available and will cover several topics: including Capability Taxonomy, the Bulletin Board, and how to search for capabilities or organisations.

Date: Thursday 25 March
Venue: Building 32 – Keswick Barracks
Anzac Highway, Keswick
Time: 9.00am – 11.30am
Cost: \$0.00
Contact: Email DMO.BAOVIC-TAS@defence.gov.au by Wednesday 7 April 2010

Austrade

Briefing: Health and Medical Opportunities in Asia

Come along to a free briefing and hear directly from Austrade's Health & Medical specialists about the key opportunities and challenges of doing business in the health and medical sectors across key markets in Asia, mainly South-East Asia and Japan. You should attend if you manufacture health and medical products in the following areas: Medical disposables & consumables; Hospital equipment; Medical analytical equipment; Medical auxiliaries; and Diagnostics.

Date: Tuesday 30 March
Venue: Austrade Adelaide
Ground Floor, 50 Hindmarsh Square, Adelaide
Time: 1.30pm – 3.30pm
Cost: \$0.00
Contact: Register [online](#) or call Austrade Direct on 13 28 78

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