

# TradeWays

INTERNATIONAL OPPORTUNITIES FOR AUSTRALIAN BUSINESSES

*Edition 118 August 2011*

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## From the Trade Desk

This has been a particularly difficult year for many of our members which was compounded by the natural disasters in Queensland and Victoria since October 2010. Ai Group has secured funding to provide free business consultancy services to members who have been either directly or indirectly affected by the various floods. The impact on your business could extend from direct damage to interruption to your supply chain. For more information and to download the application form, please click [here](#).

I would also like to draw your attention to a new service from EFIC designed to reduce the impact of currency fluctuations on exporters, more information below.

**Louise McGrath**

National Business Development Manager – Trade and Industry Sectors

[trade@aigroup.asn.au](mailto:trade@aigroup.asn.au)

## News

### Exporting Environmental Goods and Services

The Department of Foreign Affairs and Trade is actively engaged in trade negotiations across a wide range of fora and seeks to promote the interests of Australian enterprises in exporting their products internationally. As the international community increasingly seeks to make the transition to a “greener” economy, there is an increasing recognition of the potential for environmental goods and services (EGS) to contribute to addressing environmental challenges and, therefore, of the benefits of the freer flow of these goods and services. DFAT is pursuing the case for improved trading conditions for EGS in a range of forums including the World Trade Organisation, the Asia Pacific Economic Co-operation (APEC), the Trans-Pacific Partnership Free Trade Agreement (which includes the United States, Singapore, Malaysia, Chile, Vietnam, New Zealand, Brunei and Peru), as well as several other regional and bilateral initiatives. If you are involved in the export/import of EGS and would like to feed into our ongoing work, we welcome your perspectives.

Email: [tradeandenvironment@dfat.gov.au](mailto:tradeandenvironment@dfat.gov.au)

### Economic Alert

#### Trade surplus narrows

In June, Australia’s trade surplus narrowed to \$2.1 billion from \$2.7 billion in the preceding month, reflecting a fall in the exports of goods and stronger growth in imported goods as the Australian dollar strengthened. The value of goods and services exports fell 0.1% in June from the 3.6% increase in May, as Australian merchandise exporters continued to struggle with the strong Australian dollar. Merchandise exports contracted 0.2%, sharply lower than the 4.1% growth recorded in May. Services exports growth, on

the other hand, rose 0.1%. Manufacturing exports fell 15.5% in June, indicating that manufacturers continue to struggle with the strong Australian dollar. The decrease in manufacturing exports was especially pronounced in the petroleum and coal product; primary metal and metal product; and transport equipment sub-sectors. The value of goods and services imports increased by a strong 2.6% in June, up from the 0.5% decline recorded in May. This reflected the strong 3.2% growth of imported merchandise goods. Imports of consumption goods declined 0.6%, consistent with continued consumer cautiousness. Meanwhile, imports of capital goods and intermediate goods increased by 7.3% and 3.6%, respectively. Services imports rose 0.2%. The imports of capital and intermediate goods have been rising strongly over the recent months, suggesting that businesses could be switching to move on imported materials as the Australian dollar strengthened. Meanwhile, imported consumption goods have been trending sideways, consistent with soft domestic demand thus far. That said the imports of consumption goods could pick up over the rest of the year as domestic demand gains momentum.

## **EFIC helps exporters manage volatility in currency markets**

### ***HiFX and EFIC announce foreign exchange facility guarantee to assist exporters in managing volatility in currency markets***

Specialist currency services provider, HiFX, announced a foreign exchange guarantee agreement with the Export Finance and Insurance Corporation (EFIC), with the aim of helping to give Australian exporters greater control in managing their exposure to volatile currency markets.

With the use of the guarantee from EFIC, the Australian Government's export credit agency, HiFX can provide eligible exporters with higher limits for foreign exchange hedging, one of the most common ways exporters manage foreign exchange risk. Businesses will not have to provide additional security to access the guarantee.

HiFX Managing Director, Spencer Wilcox, said the guarantee could be of significant benefit to the thousands of small to medium sized businesses in Australia which regularly deal in multiple currencies. "The foreign exchange facility guarantee from EFIC can help to give exporters increased certainty over their businesses' profits," Mr Wilcox said.

"The high Australian dollar has been a major issue for our clients over the last year, and we can now offer HiFX customers the opportunity to access the guarantee."

Andrea Govaert, Executive Director, SME and Mid-Market at EFIC said many SME exporters face a very common scenario: they have the innovation, drive and professionalism to succeed, but are often restricted by the amount of collateral required to underpin the growth of their business.

"EFIC is pleased to work with HiFX through our foreign exchange facility guarantee to provide another way of supporting Australian businesses manage their export growth," Ms Govaert said.

HiFX is only the second specialist currency services provider to sign an agreement of this nature with the government's export credit agency, and was subject to a six month due diligence period in which the criteria and the conditions for providing the guarantee were well understood.

HiFX already has experience working with government agencies as it has an agreement with the UK Post Office to provide customers with money transfer facilities.

Mr Wilcox said the arrangement with EFIC was a significant milestone for the company because of the extra customer service HiFX could now provide.

"Our exporting clients have a combined foreign exchange exposure of more than A\$1 billion. For these SMEs exposure to foreign exchange risk results in the valuation of revenues, cash flows and capital expenditure being subject to rapid change, which can significantly affect a company's overall financial position. As our focus at HiFX has always been on providing world-class customer service, we now have another tool to help our customers reduce this risk."

HiFX is regulated by ASIC and holds an Australian Financial Services licence.

### **About HiFX**

HiFX is an award-winning specialist currency services provider with operations in the UK, Europe and Australasia. The company is trusted by over 2,500 corporate clients across 100 industry sectors and 30,000 private clients each year.

In 2010 HiFX managed over \$14.5 billion in foreign exchange.

HiFX Australia Pty Limited holds an Australian Financial Services Licence (AFSL) No. 240917 and is regulated by the Australian Securities and Investments Commission.

For more information about this new service please contact HiFX on **02 8270 4500**.

**For media enquiries, please contact:**

**HiFX**

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**About EFIC**

EFIC provides finance and insurance solutions to help Australian exporters overcome the financial barriers they face when growing their business overseas – [Read more.](#)

Jennifer Whittle

Director, Marketing Communications

Export Finance and Insurance Corporation

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[jwhittle@efic.gov.au](mailto:jwhittle@efic.gov.au)

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**e-link**

**Tradex Scheme**

**Program Status:** Open to applications.

**Description:** The Tradex Scheme allows an importer to gain an up-front exemption from Customs duty and GST on eligible imported goods that are intended for export. The goods may be exported in the same condition as imported, subjected to a process or treatment after importation, then exported or incorporated in other goods which are exported. Export may be carried out by the importer or a third party.

Tradex provides an alternative to the Customs Drawback Scheme which requires an up-front payment of Customs duty and GST and then the subsequent recovery of these taxes when the goods have been exported. The Tradex Scheme can, therefore, provide a significant cashflow benefit.

The goods must be exported within 12 months of importation, although approval can be sought to extend this period.

Customers are required to complete an application form for entrance into the Scheme.

**Contact:** Should you have an inquiry about the Tradex Scheme, please contact the Tradex team via the AusIndustry Hotline on 13 28 46 or email [hotline@ausindustry.gov.au](mailto:hotline@ausindustry.gov.au)

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**Trade Missions**

*Outgoing Missions*

**Mining Equipment and Services Business Mission to Peru and Colombia**

12-16 September, 2011

This Mission is designed to provide a cost-effective entry to the Latin American Mining market and 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 local partners as required for market access.

EXTEMIN is the most important mining conference in Peru and worldwide due to tremendous growth and importance of the Peruvian mining sector. Peru is ranked number one in Latin America in all metals except for copper and is ranked third globally for mining exploration investment after Canada and Australia. EXTEMIN has been a vital contributor to the successful market entry and expansion strategies of many Australian companies into this region. Australia is recognised as a quality supplier to this mining industry and participation in the Australian National Pavilion at EXTEMIN is an ideal way to develop your opportunities in Peru and wider Latin America.

For the first time, the Australian National Pavilion will be divided into three main sections (safety, environment and productivity). Companies will be able to elect a section of the Australian pavilion that most reflects the benefit to the customer. These sections will help Austrade market Australia's expertise and capability in these critical areas of a mine operation and ultimately market your company's solution more effectively.

For more information and to register your interest, please contact Louise McGrath at [louise.mcgrath@aigroup.asn.au](mailto:louise.mcgrath@aigroup.asn.au)

### **Capture Business Opportunities in Japan**

17-21 October, 2011

This Mission is designed to provide a cost-effective entry to the Japanese market, expose mission members to one of Asia's most successful democracies and its largest economy and provide a comprehensive business-matching program for mission participants to identify real project opportunities.

The outlook for Japan's economic expansion, which has entered into its sixth year, remains favourable. Growth will be increasingly driven by domestic demand. Opportunities lie in higher value-added and knowledge intensive sectors such as the life sciences, information technology, nanotechnology, aerospace and environmental technologies. Companies across various industry sectors who are positioned for export and are able to take a long term view of success in the Japanese Market should consider participating in this mission.

The mission falls on the occasion of 2011 Business Partner City Network Roundtable. The Business Partner Cities Network was founded by City of Osaka and has 13 member cities including Osaka, Hong Kong, Jakarta, Manila, Kuala Lumpur, Bangkok, Singapore, Ho Chi Minh City, Mumbai, Seoul, Shanghai and Tianjin. In addition to these networks, the mission will also be utilising the significant networks of both the City of Melbourne and the Australian Industry Group.

For more information and to register your interest, please contact Louise McGrath at [louise.mcgrath@aigroup.asn.au](mailto:louise.mcgrath@aigroup.asn.au)

## **Trade Missions**

### *Incoming Missions*

### **Chilean delegation, lead by the Chilean Minister for Mining**

6-7 September, 2011

The Chile Australia Chamber of Commerce is pleased to invite you to join us for a two-day conference that aims to highlight the depth of the relationship that exists between Chile and Australia, to identify new opportunities for business and for wider engagement between our two

countries, and to facilitate making contact with key decision makers from some of Chile's most successful and internationally-focused companies.

After months of planning, we have come to Australia with one of the most important business delegations to have visited these shores in the past 6 years. The delegation comprises senior representatives from government and the private sector, all of whom have come to Australia in search of opportunities and to further the building of even stronger links between our two countries. This conference constitutes one of the primary activities to be undertaken by the delegation and, as such, offers Australian business an excellent opportunity to learn about where Chile is today and which are the best opportunities that it has to offer on a wide range of fronts, as well as to identify worthy allies and potential partners.

For more information and to register your interest, please contact Louise McGrath at [louise.mcgrath@aigroup.asn.au](mailto:louise.mcgrath@aigroup.asn.au)

### **Australia Africa Business Council (AABC Vic) - Inward Bound Botswana Trade Mission**

25 – 26 August, 2011

The AABC Victoria's trade mission program Face to Face with Botswana: Export and Investment Now! will be led by the Honourable Minister of Trade and Industry (Botswana), Ms Dorcas Makgato-Malesu, and builds on the AABC's highly successful outward bound trade mission to Botswana (and South Africa) in March this year.

Running from 25 – 26 August 2011, at the Victorian Government Investment Centre, the trade mission program will focus on success stories and provide industry leaders and government representatives a platform to discuss growing export opportunities and to build Public Private Partnerships (PPP), which are core to Australia–Africa engagement.

The trade mission program will comprise the follow key elements: official receptions; business and industry seminars and roundtables; B2B business matching; and site visits.

Key market sectors include: manufacturing, (vocational) education and training, design, ICT, tourism and infrastructure, this trade mission will bring together government and industry leaders and provide a unique opportunity for businesses to capitalise on growing export opportunities between Australia and Botswana.

If you would like to learn more about this event, or find out how you can become involved, please click: [www.aabcvic.net](http://www.aabcvic.net)

[Register here](#)

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## **Market in Focus – South Africa**

### **Why South Africa?**

- It is the biggest and most advanced economy in Africa;
- With a population of 43 million people and gross domestic product per capita of US\$4,990,000 South Africa is an upper middle income country;
- An emerging market with an abundant supply of natural resources, well-developed financial, legal, communications, energy, transport sectors, and a modern infrastructure supporting an efficient distribution of goods to major urban centres throughout the region.

South Africa is our 21st largest trading partner, and is by far Australia's largest and most dynamic market in Africa. Over the past five years, total trade between Australia and South Africa has grown by ten per cent per year on average with South Africa now representing Australia's 15th most significant merchandise export market. Two-way investment flows between Australia and South Africa have expanded since the end of apartheid. South Africa dominates stocks of African investment into Australia. Australian investment in South Africa has also increased mainly in mining, mining equipment, agriculture, agribusiness and infrastructure and services trade.

Major Australian Exports* 2006 (A\$m):	Major Australian Imports 2006 (A\$m):
Medicaments (incl. Veterinary) A\$452	Passenger motor vehicles A\$846
Coal A\$278	Motor vehicles for transporting goods A\$68
Crude petroleum A\$102	Pig iron A\$46
Meat (excl. Bovine) A\$59	Motor vehicle parts A\$41

\* Includes \$811m of confidential items (mainly alumina), 35% of total exports.

### **Export Opportunities**

South Africa's foreign trade has historically been characterised by inward looking and protective policies but with the lifting of United Nations sanctions in 1993 and the end of apartheid, there has been a marked increase in overall trade. Significant import barriers remain but are slowly being reduced. Total trade should increase significantly as the world discovers the quality and price competitiveness of South African goods.

In recent years, merchandise imports have grown faster than exports. South Africa's exports include machinery, motor vehicles and fertilisers to African countries, and minerals and agricultural products to developed markets, mainly the United States, the United Kingdom, Japan, Germany and the Netherlands. South Africa's main suppliers of imports are Germany, the United States, the United Kingdom, Japan and China. The consumer market is mature and competitive and in order to compete, new products must offer niche benefits and be cost competitive.

The state controls the country's railways, national airline, harbours, broadcasting services, postal system and electric utilities, some forestry operations, the main phosphate producer and a range of energy producers. However, it has sold off units or partial stakes in some. Fuel price intervention and a fairly heavy tax burden reflect continued state dominance.

South Africa has significantly reduced its number of tariff lines from eighty to eight levels ranging from 0 - 30 per cent with a few exceptions, notably in clothing and textiles and motor industry manufacturers. Most tariff lines are contained to WTO binding levels. Imports are grouped into three main categories: the free list for which no import permit is needed; goods licensed on the basis of reasonable requirements, which include most industrial raw materials and plant and capital equipment; and items requiring a special permit, which include finished machinery, spare parts not produced in South Africa, fish, fruit, dairy products, coffee, chocolate, clothing, gold, petrochemical products and other synthetics.

Looking forward, the liberalisation of key sectors such as tele-communications, power provision and mass transport, coupled with selective privatisation should boost capital inflows. However, investors must be ready to address two key issues: black economic empowerment (BEE) and the HIV/AIDS pandemic. The South African government is firmly committed to promoting BEE, and investors need to have plans to included training black workers at all levels of the company and working with other BEE companies. This is especially the case if a company has any plans to deal with the government. All companies investing in South Africa should have a carefully developed HIV/AIDS policy, that should range from direct provision of healthcare and policies towards direct relatives, to training excessive staff numbers to account for subsequent deaths.

## **VICTORIA - Upcoming Events**

[Ai Group Events](#)

**Basics of Lean**

Lean Manufacturing and Just-in-Time concepts have become widely used in the last two decades in manufacturing and service industries leading to improved competitiveness. Leading organisations around the globe have embraced many of the concepts of the Lean approach as part of their day to day operations. This Seminar explains the main concepts of: waste elimination, flow control, operational stability and continuous improvement.

**Date:** 8 September, 2011

**Venue:** 20 Queens Road  
Melbourne VIC 3004

**Contact:** For more information and to register, please visit <http://www.aigroup.com.au/>

DFAT Events

**Autonomous Sanctions Information Session**

Following the commencement of the Autonomous Sanctions Act 2011 on 27 May 2011, the Government is now finalising regulations to be made under that Act that will give effect to autonomous sanctions in Australia. This briefing will describe the detail of this new regulatory framework and provide an opportunity for consultation with interested parties on the new measures.

Australia currently implements autonomous sanctions targeting situations of concern in Burma, Fiji, Syria and Zimbabwe, and supplementing United Nations Security Council sanctions in relation to the Democratic People's Republic of Korea, Iran and Libya.

**Date:** 23 August, 2011

**Venue:** DFAT Victoria State Office, Level 14 Casselden Place,  
2 Lonsdale Street, Melbourne

**RSVP:** by Tuesday 16 August to Lisa Chadderton, [lisa.chadderton@dfat.gov.au](mailto:lisa.chadderton@dfat.gov.au) or (03) 9221 5441

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## **NSW – Upcoming Events**

Ai Group Events

**Enterprise Bargaining**

Enterprise bargaining remains uncertain at a time when many companies face difficult economic conditions. A number of enterprise agreements are up for renegotiation and there is an increase in the number of companies who traditionally have not had agreements being approached by unions for the first time

**Date:** 8 August, 2011

**Venue:** Novotel Sydney Olympic Park  
Corner Olympic Boulevard  
and Elliott Ave  
Sydney NSW 2127

**Cost:** \$308.00 (Ai Group members)

\$400.00 (non Ai Group members)

**Contact:** For more information and to register, please click [here](#)

Australian Industry Group

### **Basics of Lean**

Lean Manufacturing and Just-in-Time concepts have become widely used in the last two decades in manufacturing and service industries leading to improved competitiveness. Leading organisations around the globe have embraced many of the concepts of the Lean approach as part of their day to day operations. This Seminar explains the main concepts of: waste elimination, flow control, operational stability and continuous improvement.

**Date:** 1 September, 2011

**Venue:** 51 Walker Street  
North Sydney 2060

**Contact:** For more information and to register, please visit <http://www.aigroup.com.au/>

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## **QUEENSLAND - Upcoming Events**

### Ai Group Events

Australian Industry Group

### **Develop your Innovation Strategy**

Learn from the best at our Business Improvement and Growth courses. Delivered by high level industry experts, our interactive and practical format helps you actively solve business problems and identify new opportunities. There is particular emphasis on strategic operational management, successful sales and tendering techniques. We strongly encourage you and your staff to take advantage of this valuable program.

**Date:** 16 September, 2011

**Venue:** 202 Boundary St  
Spring Hill QLD 4044

**Cost:** \$517.00 (Ai Group members)  
\$616.00 (non Ai Group members)

**Contact:** For more information and to register, please visit <http://www.aigroup.com.au/>

### Queensland Government Events

### **Growth, Trade & Investment Forum**

The Queensland Government and Queensland Leaders, in partnership with Australian Industry Group, invite you to attend the upcoming Growth, Trade & Investment Forum. For the CEO's and Founders of private companies pursuing growth and sustainability, this forum will assist companies seeking debt and equity investments and those looking for opportunities through trade and export.

**Date:** 24 August, 2011

**Venue:** The Pavilion – Century Room (Allan Border Field)  
1 Bogan Street, Albion  
**Cost:** \$ 90 (+GST) per person  
**Contact:** For more information and to register and to register, please click [here](#)

## **SOUTH AUSTRALIA - Upcoming Events**

### Australian Industry Group **Develop & Implement your Strategic Plan**

Learn from the best at our Business Improvement and Growth courses. Delivered by high level industry experts, our interactive and practical format helps you actively solve business problems and identify new opportunities. There is particular emphasis on strategic operational management, successful sales and tendering techniques. We strongly encourage you and your staff to take advantage of this valuable program.

**Date:** 31 August, 2011  
**Venue:** Enterprise House  
136 Greenhill Road  
Unley SA 5061  
**Cost:** \$517.00 (Ai Group members)  
\$616.00 (non Ai Group members)  
**Contact:** For more information and to register, please visit <http://www.aigroup.com.au/>