

TRADE MINISTER'S ROUNDTABLE

SOME KEY ISSUES FROM THE DISCUSSION PAPER: WINNING MARKETS : THE NEXT STEPS

1. Changing world trading environment

The world trading system is entering a new phase, key influences being:

- "the borderless world", based on the rapid globalisation of international commerce/deeper integration of world production, global division of labour, technology advances, growth of intra-industry trade.
- the proliferation of regional trading arrangements resulting from growing integration between regional economies, an increasing number of fast growing trading economies, demands by business for new or better rules to govern their trade and investment
- growth in the services industries
- the emergence of new trade policy issues that go beyond those traditionally dealt with (eg agricultural subsidies and tariffs) including trade and competition policy, trade and the environment, intellectual property and investment
- deeper economic interdependence which is extending the reach of trade policy concerns beyond countries' borders and into the domestic policy domain.

Are there other changes shaping the new trading system or on the horizon? Which are the most important of those listed above in terms of Australia's trading interests?

2. Defining Australia's Objectives

What objectives should Australia set so that we can maximise opportunities for the Australian economy from a changing world trading system? Our broad objectives include:

- winning overseas markets
- securing a place for Australia at the high-value added end of manufactures and services in the emerging global division of labour

- fostering the further internationalisation of the Australian economy.

Do we need to refine these objectives or add to them? For example:

- should "instilling an export culture in the Australian community" be an explicit objective?
- is the continuing importance of our core traditional exports - commodities - sufficiently covered?

3. Assessing our Strengths

Our assets include:

- middle power diplomacy skills, with the capacity to make substantial intellectual input into international decision making
- proximity to the fastest growing economies
- high skills and education levels
- world class telecommunications and financial sector
- abundant natural resources
- stable political system.

How can we best use our assets to advance our trade interests? Are there assets we have not recognised?

4. Strategic Options

Multilateral

Now that the Uruguay Round has been successfully completed, our priority interests in the World Trade Organisation would seem to be:

- ensuring the Uruguay Round commitments are fully implemented

- supporting initiatives for a new set of negotiations to liberalise trade, and ensuring that our trade interests are included in any new agenda for liberalisation
- modernising the multilateral system so that it can retain its credibility and keep up with the proliferation of regional approaches to delivering freer trade and investment
- securing the accession of China and Taiwan (and other important trading partners) to the WTO but in a way that secures bilateral market access opportunities for Australia and at the same time ensure the multilateral system of rules is strengthened and not weakened through new membership.

Are these the right priorities? What ought to be the "balance"? Do we place too much emphasis on the multilateral system?

How important are the new trade policy issues to Australia and what issues/challenges do they raise, for example:

- trade and investment
- trade and the environment
- trade and labour standards
- trade and competition policy
- trade and cultural policy
- emerging issues concerned with removal of impediments for the global information superhighway - including the integration of trade and technology policies, liberalisation of information services trade, protection of intellectual property and standards.

Coalition Building

The Cairns Group of agricultural fair trading nations was a highly effective coalition of interests in the Uruguay Round.

Regional

Regional developments may prove important over the next few years to advance trade liberalisation and therefore some of Australia's market access interests

- Australia's priority attention will be on APEC (that is implementation of the Bogor Declaration on regional trade liberalisation) and on establishing linkages between AFTA and CER

Is this the right focus or should we be doing more in other regions?

- for example, in Latin America, Europe and Indian Ocean?

To what extent, if any, should Australia be prepared to modify our traditional support for a non-discriminatory approach to trade in pursuit of regional trade agreements

- in APEC?
- elsewhere?

Bilateral

Australia's bilateral activities to strengthen the presence of Australian firms overseas underpins our activities multilaterally and regionally.

- the main pillars of the Australian Government's bilateral market development activity have been through trade promotion pressure on key trade impediments and assistance to business.

Are we doing enough on the bilateral front? What should be our bilateral priorities in terms of both markets and products?

5. Supporting Exporters

While market access activities help create the best conditions for Australian firms, promotion and market development are essential elements in helping Australian businesses win markets.

The Commonwealth provides assistance to potential and existing exporters in a range of ways

- business development through Ausindustry, DEET, DPIE
- export development financial assistance, such as EMDG and ITES through Austrade

- export finance, through EFIC
- trade promotion and market support through Austrade

Given the current level of resources, in what ways might the effectiveness of business and export programs be improved?

Are our priorities right?

Is there too much red tape or duplication between agencies and/or governments?

Would there be value in developing explicit sector export strategies?

6. Team Australia

To secure the maximum trade and investment opportunities for Australia, a united coordinated approach between Government (Federal and State), industry and unions is essential.

Do we have the right processes in place for this?

7. Measurement of our Performance

Some indicative indicators are set out on the last page of the discussion paper as a discussion starter.

Are these useful and what might be added

- should we include, for example, assessments of market share trends?

7 March 1995

TEAM AUSTRALIA:

DRAFT JOINT COMMUNIQUE OF THE THIRD MINISTERIAL MEETING

1. Commonwealth, State and Territory Ministers are committed to further team action to lift Australia's trade and investment performance and to ensure that Australia is in the front rank of exporting economies by the year 2000.
2. At the third meeting of Commonwealth, State and Territory Ministers under *Team Australia* (the National Trade Strategy Consultative Process) in Parliament House, Canberra on 11 April 1995 Ministers stressed that Australia will achieve sustained economic growth only if we continue to become a more internationally competitive trading nation. Trade and investment have been important contributors to world economic growth in the past three decades and have the potential to continue to do so.
3. Ministers noted that the international economic and trade environment presents new challenges and opportunities for Australia in the 1990s context of slower growth in the industrialised economies in comparison with previous decades; stronger trends towards globalisation and technological change; realignment of the major markets, with Asia becoming even more important in global economic dynamics and with many developing countries seeking to improve their linkages with international markets; and an impressive expansion of international capital mobility and the creation of mechanisms to facilitate this expansion.
4. Ministers agreed that the nature of the world economic environment in the 1990s will be strongly influenced by the speed and extent of implementation of the recent Uruguay Round agreement and by further progress under APEC and other regional initiatives.
5. Ministers agreed that, as Australia continues its major transformation to an open, outward-looking economy, it will be critical to improve our international competitiveness. Offshore activities by Government to improve access to markets and to develop market opportunities will only be fully effective if underpinned by further progress domestically on microeconomic reform to enhance business and public sector competitiveness. Ministers agreed that a key task for Governments is to create the optimum conditions in Australia and offshore for Australian firms to operate globally.
6. Reflecting their commitment under *Team Australia* to working together to lift Australia's trade and investment performance, Ministers emphasised the importance of wide-ranging consultations in the early finalisation of the Minister for Trade's policy statement *Winning Markets: The Next Steps*.
officials Meeting
7. Ministers endorsed the priorities on trade competitiveness, market access and market development set out in Attachment A. These priorities reflect the thrust of the recommendations to Ministers from the *Team Australia* Intersessional Meeting in Canberra on 6 March 1995 which brought together senior official representatives of Government, business and unions.
8. Ministers endorsed strategies aimed at more firmly focussing government and business attention on the emerging opportunities for trade and investment particularly in Indonesia, the Indian Ocean region, in China and in the Middle East. They agreed that, while Asia will remain a primary focus for Australia's trade effort, market access and market development activities must position Australia to pursue market opportunities wherever and whenever they arise.

9. Ministers stressed the national benefits from the team approach evident in Commonwealth/State cooperation and coordination at several recent major promotions such as *Australia Today - Indonesia '94* and *CeBit '95* (communications and information technology).
10. Ministers recognised the need for all levels of Government continuously to review and streamline regulatory processes to ensure that they facilitate trade and investment.
11. Ministers agreed that the *Australian Trade and Investment Development* guide, the key working document under Team Australia, is a valuable resource for government and business and should continue to be updated annually.
12. Ministers agreed to continue to work closely together as a team throughout 1995/96 to ensure that their activities add value to the international trading and investment activities of Australian firms and are responsive to market imperatives. They agreed to meet again in mid-1996 to reassess trade and investment priorities for 1996/97.

TRADE AND INVESTMENT PRIORITIES FOR 1995/96

International Competitiveness

We will continue to work together to accelerate the internationalisation of the Australian economy.

- We will continue to support the urgent need to push ahead with **microeconomic reform** as Australia's export success fundamentally depends on improved domestic competitiveness. Offshore market access and development activities will only be fully effective if underpinned by further progress domestically on microeconomic reform to enhance business and public sector competitiveness.
- We will sharpen the focus on efficient **import replacement** strategies, an integral component of international competitiveness.
- We will ensure that, to enhance the effectiveness of **international negotiations**, State and Territory Governments, industry and unions will be consulted in advance to determine the impact on industry in individual States.
- We will ensure that the potential for **international treaties and conventions** to affect Australia's trade competitiveness continues to be one of the major factors taken into account in considering Australia's position on them.
- We will send out clear signals on the significance of **investment and innovation** in expanding and improving Australia's capacity for exports and for import substitution.
- We will work together to promote Australia as a destination for **foreign direct investment**, including action to develop a concerted strategy to maximize Australia's position as a major regional financial centre.
- We affirm that, while value for money remains a prime objective, the development of Australian industry must feature prominently in **Government procurement** guidelines.
 - Major contracts should include enforceable industry development performance clauses.
 - There should be a requirement to demonstrate that, where contracts are awarded to overseas suppliers, Australian suppliers have had a full and fair opportunity to compete for the business.
- We will work with industry to foster an **export and foreign investment culture** in the minds and practices of management, the workforce and the wider community.
 - We will raise awareness across the community that Australia's future prosperity depends on our success as a trading nation;
 - raise the public profile of our successes as exporters and investors; encourage producers of goods and services that are currently not exporting, but which have export potential, to enter international markets;
 - encourage the export orientation of Australia's Government Business Enterprises; and
 - strengthen understanding of, and training in, international trade and management in educational institutions.

Trade Policy Focus

We agree that Australia's trade policy should focus on:

- ♦ the pursuit of trade and investment liberalisation in multilateral and regional forums, especially as it affects both Australia's core business (agriculture, minerals, metals and energy) and newly emerging areas of export strength (high value-added products and services);
- ♦ the continued strengthening and extension of multilateral rules and disciplines;
- ♦ the development of regional rules and disciplines where this may reinforce or cover gaps at the multilateral level;
- ♦ the promotion of Australia's exports, identification and development of markets bilaterally and encouragement of Australian investment overseas;
- ♦ promotion of Australia as a destination for foreign direct investment; and
- ♦ the active pursuit of market access agendas bilaterally.

Market Access Priorities

We will work together to actively pursue market access bilaterally, including to maximize the new opportunities for market access afforded by the Uruguay Round outcomes.

- ♦ We will consult closely on implementation of **Uruguay Round commitments**; on bedding down the new **World Trade Organisation (WTO)** and ensuring that Australia's interests are fully represented in the WTO's formative years; and on further progress in ongoing negotiations on services in the WTO.
- ♦ We will direct particular efforts to working with existing coalitions such as the Cairns Group and to exploring other possibilities for **coalition building** to implement the Uruguay Round commitments and to carry forward global trade and investment liberalisation. This will include continued strengthening and extension of multilateral rules and disciplines and development of regional rules and disciplines where this may reinforce or cover gaps at the multilateral level.
- ♦ We will cooperate to continue to promote bilateral access and trade facilitation issues through various **bilateral mechanisms**, including Ministerial forums with China, Indonesia and India.
- ♦ We will work closely with industry to ensure that the decisions by **APEC leaders at Bogor** in November 1994 are implemented fully, effectively and quickly to realize the opportunities for Australian business from free trade and investment in APEC.
- ♦ We will maintain a focus on high priority **market access expansion areas** such as in agriculture, minerals, metals and energy, high value-added products and a range of services sectors.

- We will cooperate on a major review of the **US/Australia trade and investment relationship**, in close consultation with industry and unions.
- We will continue liberalisation and market access efforts to improve protection of **intellectual property rights**, particularly in the Asia-Pacific region.

Market Development Priorities

We will take concerted action to realise emerging market opportunities.

- We will direct a particular focus on **Indonesia, China, Indian Ocean countries and the Middle East** for both core business (agriculture, minerals, metals and energy) and newly emerging areas of export strength (high value-added products such as processed foods and services) but not overlooking other significant markets in North Asia, the Americas, ASEAN, Europe and Vietnam.
- We will work together on **major trade and investment promotions** such as the Australia/China Forum 95 on 19-20 September 1995 in Shanghai that will promote Australian capabilities in building and design, information technology, aerospace technology and services, and management and training.
- We will cooperate to ensure that the planning, coordination, evaluation and follow up of **business missions led by Ministers** in 1995 is as comprehensive and as effective as possible.
- We will work with industry and unions on the *Look West* strategy announced by Senator Evans and Senator McMullan in August 1994. This strategy aims more firmly to focus government and business attention on the emerging opportunities for trade and investment in the Indian Ocean region, including through the International Forum on the Indian Ocean Region to be held in Perth on 11-13 June 1995 and the integrated country promotion to be held in India in September 1996.
- We will promote greater Australian public and private sector awareness of increased opportunities for Australian trade and investment associated with subregional economic growth areas and growth triangles in South-East Asia (*Look North*).
- We will work in a concerted way to develop of more **positive perceptions** of Australia by key international business people, particularly through the National Trade and Investment Outlook Conference (4-6 December 1995), through the Market Australia initiative, and through further targeted integrated promotions.
- We will implement a campaign under **Market Australia** in close consultation with industry to raise overseas perceptions about Australia's capacities in sophisticated goods and services, with the first phase targeted at Thailand, Indonesia, China (Shanghai) and certain sectors of Korea.