

Chapter 1

Introduction

Referral

1.1 On 20 August 2015 the Senate referred the following matter to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 3 December 2015. The terms of reference for this inquiry are as follows:

- a. Mexico's continued elevation in the global geo-political and economic order and its implications for Australia;
- b. opportunities for enhanced relations, including the potential for increased bilateral engagement and also through jointly held memberships such as the G20, APEC, OECD and MIKTA;
- c. potential opportunities for enhanced trade and investment ties, in particular those emanating from the proposed Trans-Pacific Partnership (TPP);
- d. scope for increased collaboration in the education sector and the potential for extending scholarship programs to Mexico;
- e. scope for increased trade and commercial exchange in the resources sectors with particular reference to hard rock mining and the Oil & Gas sector in the Gulf of Mexico;
- f. scope for cross investment and joint ventures in Australian and Mexican infrastructure projects; and
- g. any other related matters.

Conduct of inquiry

1.2 The committee advertised the inquiry on its website. The committee also wrote to individuals and organisations likely to have an interest in the inquiry and invited them to make written submissions.

1.3 The committee received 41 submissions and six supplementary submissions to the inquiry. These submissions are listed at Appendix 1 and are published on the committee's website.

1.4 The committee held a public hearing on 29 October 2015. The witnesses who appeared at the hearing are listed at Appendix 2 and the program and *Hansard* transcript of the hearing is published on the committee's website.

Past parliamentary inquiries

Inquiry into Australia's trade with Mexico and the Region

1.5 In August 2007, the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) conducted an inquiry into Australia's trade with Mexico and the Region. The inquiry's terms of reference called for the inquiry:

To examine and report on expanding Australia's trade and investment relations with Mexico and the region with particular reference to:

- the nature of Australia's existing trade and investment relations;
- likely future trends in these relations; and
- the role of the government in identifying and assisting Australian companies to maximise opportunities in Mexico and the region.¹

1.6 The inquiry made five recommendations regarding engagement, exports, and free trade agreements:

- that the Australian Government, through the Department of Education, Science and Training, reactivate scientific and technological cooperation with Mexico;
- that DFAT review the viability of FEALAC [Forum for East Asia-Latin America Cooperation] and, if it is determined to be viable, ensure a greater effort is made to fulfil its potential;
- that the Australian Government initiate or continue ministerial discussions with officials in Mexico and the region to address technical market access issues;
- that more resources be provided to Australian Government representatives in Mexico for promotional activities such as trade fairs and exhibitions to capitalise on the strong interest in Australian products; and
- that the Australian Government move forward with a high quality comprehensive Free Trade Agreement (FTA) with Mexico and that in any negotiations, issues relating to agriculture should be determined at an early stage.²

1.7 The Government Response advised JSCFADT that it 'proposes to make some funding available for an initial activity with Mexico to test the level of interest from Australian science stakeholders in bringing the science and technology relationship to a more active level'. The Government informed JSCFADT that its strategy for supporting Australia's engagement with the global science community concentrates its efforts on two groups of countries: 'the current science leaders, who are making substantial investment in science and have well established research strengths in fields of particular benefit to Australia; and countries that are emerging as the scientific leaders of tomorrow' but that 'Mexico currently does not fit into either of these categories'.³

1 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's trade with Mexico and the Region*, 2007, pp xiv–xv.

2 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's trade with Mexico and the Region*, 2007, p. xi.

3 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's Trade with Mexico and the Region*, September 2007, p. 2.

1.8 The government noted that 'FEALAC has been slow to develop momentum as a regional group, reflecting in part the higher importance many members give to other established forums such as APEC', explaining that 'FEALAC's future and its ongoing viability will depend to a significant extent on the priority and resources member states give to the forum'. The Government advised that it will continue to engage with the Forum 'as resources and opportunities permit'.⁴

1.9 The government stated that it will 'continue to work with Mexico and other Central American countries to reduce technical market access barriers affecting Australian Agricultural exports'. It noted that 'the main focus of the work in the region has been on negotiating arrangements with countries such as Costa Rica, Panama and El Salvador on dairy export plan inspections'.⁵

1.10 The government advised JSCFADT that the Austrade post in Mexico covers Mexico, Central America and the Caribbean, with a primary focus on Mexico. The post has six permanent staff comprising one Australian Trade Commissioner and five local staff. The Government described the key events facilitated by the post, including Expomin in Veracruz and the Australia Festival (known as ExpoAustralia from 2008). It also noted that other Australian government departments also undertake key promotional and marketing activities in Mexico, such as the Latin America Study in Australia Exhibition.⁶

1.11 The government informed JSCFADT that its focus in trade negotiations is 'to bring the Doha round of multilateral trade negotiations to a successful conclusion' but that 'Mexico would seem to be a good prospective partner for a bilateral FTA'. The Government assured JSCFADT that it 'will continue to examine the details of a potential FTA with Mexico through the JEG [Joint Exports Group between Australia and Mexico]'.⁷

Inquiry into Australia's trade and investment relations with Asia, the Pacific and Latin America

1.12 In July 2011, JSCFADT tabled a report into Australia's Trade and Investment Relations with Asia, the Pacific and Latin America. Whilst the report did not make any Mexico-specific recommendations, it did make a number of recommendations regarding Australia's relationship with Latin America, including:

4 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's Trade with Mexico and the Region*, September 2007, p. 3.

5 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's Trade with Mexico and the Region*, September 2007, p. 4.

6 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's Trade with Mexico and the Region*, September 2007, pp 4–5.

7 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's Trade with Mexico and the Region*, September 2007, pp 5–6.

- the introduction of electronic visa applications would be an excellent, and inexpensive, way to assist in improving trade and investment relations with the countries of Latin America;
- that the Government review the processing of applications by skilled migrants and, where appropriate, seek ways to fast track the recognition of their skills;
- that the Government adopt a 'working holiday' visa scheme for travellers from Latin America; and
- that urgent attention be given to achieving mutual recognition of university qualifications between Australia and the countries of Latin America; and
- that increased priority be assigned to high-level visits by Ministers and parliamentary representatives, particularly at the head of business delegations.⁸

1.13 The Government Response agreed with JSCFADT's recommendation regarding the introduction of electronic visas, noting that it 'would be an inexpensive way to assist in improving trade and investment relations with the counties of Latin America'. The response also discussed the Government's plans to progressively roll out electronic visitor visa applications to citizens of all counties in Latin America by 2014.⁹

1.14 The government assured JSCFADT that it 'continues to review procedures to achieve the most responsive processing times possible to enable employers to meet their skilled employment needs'. The Government advised that in May 2011 it committed \$10 million over four years to fund a new processing centre with the aim of 'reducing the median processing time of Temporary Business (Long Stay) visas (Subclass 457) to 10 days for "decision-ready" applications'.¹⁰

1.15 The government agreed that 'adding more Latin American countries to the "working holiday" scheme would be of benefit to Australia'. It advised that Australia and Argentina implemented new reciprocal Work and Holiday visa (Subclass 462) arrangements in February 2012. It also advised that Australia and Mexico commenced negotiations in late 2010 for a capped Work and Holiday visa arrangement, noting that the negotiations on a draft text are 'progressing well'. The Government advised that Australia is also in the final stages of negotiations with Uruguay on a Work and

8 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Inquiry into Australia's Trade and Investment Relations with Asia, the Pacific and Latin America*, July 2011, pp xx–xxi.

9 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's trade and investment relations with Asia, the Pacific and Latin America*, December 2012, p. 7.

10 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's trade and investment relations with Asia, the Pacific and Latin America*, December 2012, p. 8.

Holiday Memorandum of Understanding (MoU) with the new arrangements expected to commence in early 2013.¹¹

1.16 The Government noted 'the desirability of achieving mutual recognition of university qualifications', advising JSCFADT that it had signed MoUs on mutual recognition of qualifications with Brazil, Chile, Columbia, and Peru.¹²

1.17 The Government stated that it 'sees value in increased visits to Latin America by Ministers and Parliamentary representatives' and that it would continue to identify opportunities for Australian Ministerial and Parliamentary visits to countries in Latin America.¹³

Structure of report

1.18 The report is structured as follows:

- Chapter 2 briefly outlines Mexico's elevation in the global geo-political and economic order, discussing the Peña Nieto administration's program of political, economic and foreign policy reforms;
- Chapter 3 explores opportunities to enhance Australian-Mexican relations, including transportation links, quarantine and import risk analysis, addressing perceptions of insecurity and corruption, and raising awareness of business opportunities;
- Chapter 4 examines the scope for increased collaboration in the education sector, including opportunities for the Australian VET sector and increased collaboration in research; and
- Chapter 5 considers trade and investment opportunities, particularly in the energy, mining and resources, infrastructure, food and agriculture, and tourism sectors.

Acknowledgements

1.19 The committee thanks all those who contributed to the inquiry by making submissions, providing additional information or appearing at a hearing.

11 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's trade and investment relations with Asia, the Pacific and Latin America*, December 2012, p. 10.

12 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's trade and investment relations with Asia, the Pacific and Latin America*, December 2012, p. 8.

13 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's trade and investment relations with Asia, the Pacific and Latin America*, December 2012, pp 10–12.

