



Australian Government

Department of Foreign Affairs and Trade



Australian Government

Australian Trade and Investment Commission

TOURISM AUSTRALIA



export
finance
australia

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

INQUIRY INTO THE IMPLICATIONS OF THE COVID-19 PANDEMIC FOR AUSTRALIA'S FOREIGN AFFAIRS, DEFENCE AND TRADE

FOREIGN AFFAIRS AND TRADE PORTFOLIO JOINT SUBMISSION

Department of Foreign Affairs and Trade

Australian Trade and Investment Commission

Tourism Australia

Export Finance Australia

June 2020

CONTENTS

| | |
|---|----|
| EXECUTIVE SUMMARY | 4 |
| 1. IMPLICATIONS FOR AUSTRALIA'S FOREIGN AND TRADE POLICY | 7 |
| 2. THREATS TO THE GLOBAL RULES-BASED ORDER AND THE GOVERNMENT'S RESPONSE | 17 |
| 3. THE IMPACT ON HUMAN RIGHTS | 21 |
| 4. TRADE AND ECONOMIC ISSUES, INCLUDING SUPPLY CHAIN INTEGRITY | 25 |
| 5. POLICY AND PRACTICAL MEASURES SUPPORTING AUSTRALIA'S ECONOMIC AND STRATEGIC OBJECTIVES | 36 |
| 6. DFAT'S CONSULAR RESPONSE AND OUR PEOPLE | 41 |
| AUSTRALIA'S DIPLOMATIC NETWORK | 46 |
| ANNEX 1: TERMS OF REFERENCE FOR THE INQUIRY | 47 |

EXECUTIVE SUMMARY

This submission has been led by the Department of Foreign Affairs and Trade with input from the Australian Trade and Investment Commission, Tourism Australia and Export Finance Australia. The Australian Centre for International Agricultural Research has lodged its own submission.

The COVID-19 pandemic is the most serious global health crisis of recent times. It carries far-reaching health, economic, social, security and geopolitical implications. The unpredictable trajectory of the pandemic is complicating governments' response and recovery efforts.

The virus has spread across six continents, exacting an immense toll on human health and well-being. Second wave infections are confronting many societies as governments relax social restrictions in an effort to balance health and economic imperatives. Other countries are still dealing with their first waves.

Economic disruption is undermining livelihoods and risks exacerbating food insecurity, poverty and inequality. The risk of social and political instability across the world has heightened, with potentially adverse consequences for international security. The pandemic has also fed protectionist and authoritarian trends and played into sharper major power strategic competition. These trends could erode global cooperation and the rules and institutions central to the global order, to the detriment of all.

Despite Australia's relative success to date in managing the pandemic, these disruptive times will require continued vigilance to protect and advance our interests and values and to position Australia for early economic recovery. This will be a long-haul effort.

This submission addresses the implications of COVID-19 for our foreign and trade policy, and development approaches. It outlines how the foreign affairs and trade portfolio has supported our Ministers and the wider Government response to the pandemic and its impacts. The chapter headings track the Inquiry's Terms of Reference (Annex 1).

The submission affirms that the long-term objectives and enduring interests set out in the Foreign Policy White Paper (summarised in Chapter 1) remain appropriate. We outline how the Department of Foreign Affairs and Trade (DFAT) is pursuing these objectives through targeted measures in light of the risks and uncertainties created by COVID-19.

Our focus remains on promoting an open, stable and prosperous Indo-Pacific – where Australia's interests are most directly affected and where we can have the greatest impact. We have intensified engagement with our near neighbours, and with key like-minded and other international partners, to support effective responses to the pandemic and promote sustainable economic recovery in this region.

COVID-19 has required agile and tailored responses, as exemplified in our development pivot under the Partnerships for Recovery strategy. This strategy includes the redirection of over \$280 million from existing development programs to prioritise health, humanitarian and economic recovery responses to support the Pacific and Southeast Asia. This effort will help build resilience in the region that most directly engages our interests.

As a nation that relies on free flows of trade, capital and technology, we cannot go it alone. We continue to push back against protectionism and work assiduously to promote free and open trade. Our global network has been heavily engaged in helping maintain international supply chains to support the Government's health response and Australian business, as we chart a course to economic recovery. The portfolio continues to build resilience within our supply chains and to open new opportunities for Australian businesses.

Ensuring robust multilateral and regional institutions to develop and implement international rules and norms is firmly in Australia's interests. These institutions complement our bilateral engagement, facilitate cooperation and amplify our advocacy on issues including trade, security, human rights, gender equality and climate change, in concert with like-minded governments.

The pandemic has highlighted the importance of credible and timely action by the United Nations and its affiliated agencies. Australia's leadership helped secure passage on 19 May of a World Health Assembly resolution on the COVID-19 response. The resolution, co-sponsored by 145 countries, mandated an independent, impartial and comprehensive evaluation of the response and continued work to identify the source of the virus. This evaluation will maximise lessons learned and help the global community protect itself against the risk of future events of this nature. It should not be politicised.

Countering the potentially destructive impact of disinformation on the pandemic response and on wider international cooperation is a priority. Australia will continue to work closely with other members of the international community to ensure greater transparency and accuracy of information.

Australia's DFAT-led global network has been a critical part of Australia's response to the pandemic. We have been agile in advocating for Australia, including through the extensive use of digital diplomacy, and have provided crucial advice to Government on a wide range of issues. Central to DFAT's role has been the assistance we continue to deliver to tens of thousands of Australians stranded overseas, in what is arguably the largest and most complex consular operation in our history.

In these testing times, the efficacy of our diplomacy is critical. Australia's agency and influence will need to be calibrated for maximum effect in a global environment characterised by heightened disruption and uncertainty. As we support the Government's response to the pandemic, we are keeping under constant review our strategies and approaches, adapting and employing the tools at our disposal to better protect Australia's interests.

PORTFOLIO RESPONSE TO COVID-19

The pandemic required a pivot of our activities across the foreign affairs and trade portfolio to support Australia's response. At the height of the crisis, over 80 per cent of DFAT staff were supporting the response. We are helping: Australians overseas and at home; the Australian economy and businesses; and our Indo-Pacific neighbours.



AUSTRALIANS OVERSEAS

- **Getting Australians home** - negotiating across the globe with national and local leaders, government officials and airlines, to help over 345,000 Australians return home, including more than 6,500 from 51 cruise ships.
- **Facilitating flight options** - over 290 flights to bring Australians home, extending the International Aviation Network (now ended) to key international hubs, providing more options for Australians to return.
- **Helping Australians** - travel advice, consular support, and post outreach, with 70 per cent of Australian officials remaining in 84 countries to support Australians, answering over 250,000 calls, and producing 917 Heads of Mission videos, viewed 3.52 million times.



AUSTRALIANS AT HOME

- **Connecting with overseas markets** - maintaining supply chains for Australian businesses and negotiating with overseas suppliers to secure critical medical supplies to help Australia to flatten the curve, including obtaining export exemption approvals; making purchasing agreements; lobbying to keep key factories open and producing equipment overseas.
- **Boosting frontline services for Australians** - DFAT re-deployed over 300 DFAT staff across the Australian Public Service to support the COVID-19 response.
- **Ensuring COVID-19 measures are temporary, transparent and proportionate** - by working with other governments to build support for an independent review of the COVID-19 outbreak and for rules based open markets that serve Australia's trade and investment interests.



AUSTRALIAN ECONOMY AND BUSINESSES

- **Helping Australia's economic recovery, particularly the tourism sector and exporters** – including through the \$1 billion Relief and Recovery Fund and the \$500 million COVID-19 Export Capital Facility (which provides business-saving loans to exporters).
- **Helping Australian companies take advantage of Australia's growing network of trade agreements** - to boost incomes, job opportunities and economic growth.
- **Collecting and sharing economic intelligence to position Australian business to respond to COVID-19** - through addressing COVID-19 measures that created trade barriers for Australian exporters and negotiating with governments to help Australian businesses re-establish overseas.



KEEPING OUR REGION SAFE BY HELPING OUR NEIGHBOURS

- **Standing with our Indo-Pacific neighbours as we face the COVID-19 pandemic** - redirecting \$280 million of Australia's development program to an Indo-Pacific Response and Recovery Package, including \$205 million to the Pacific and Timor-Leste to respond to economic, health and social impacts, and \$55 million for Southeast Asia to support health and humanitarian responses and economic recovery.
- **Establishing an Essential Services and Humanitarian Corridor** - to date Australia has provided more than 15,000 kg in PPE and essential medical and laboratory supplies to the Southwest Pacific and Timor-Leste.

1. IMPLICATIONS FOR AUSTRALIA'S FOREIGN AND TRADE POLICY

SUMMARY

- The COVID-19 pandemic is the most serious and disruptive global health crisis in recent times. It has triggered the worst economic recession in nearly a century, undermining livelihoods and exacerbating food insecurity, poverty and inequality.
- Global supply chains and international trade have been disrupted, major power strategic competition has sharpened, and protectionist and authoritarian trends have been reinforced.
- The unpredictable trajectory of the pandemic complicates governments' efforts to balance health responses with economic imperatives. The impact in developing countries is likely to be deeper and more prolonged, which will have implications for the security, stability and prosperity of Australia's region.
- The pandemic has heightened pre-existing risks to Australian interests, tested settings, and increased the uncertainty we face, but our broad Foreign Policy White Paper objectives and long-term priorities remain appropriate.
- We have intensified our international engagement to support response and recovery efforts, consistent with our objective of a stable, prosperous and resilient Indo-Pacific.

- 1.1. The COVID-19 crisis is changing the world. Lives and livelihoods have been lost on an immense scale. Trillions of dollars have been stripped from the global economy. Many countries face deeper challenges of extreme poverty, food insecurity and inequality. In some countries, social and political stability is strained. Protectionism and authoritarian trends have intensified.
- 1.2. While disruption has been near-universal, the impacts are likely to be deeper and more prolonged in developing countries, particularly those already fragile, conflict-affected or with weak systems of government. The World Bank predicts COVID-19 could push up to 60 million people into extreme poverty – the first increase in global poverty rates since 1998¹. The pandemic has also exacerbated economic, social and gender inequalities, and heightened the risk of violence against women and children.
- 1.3. Impacts in the Indo-Pacific – which embraces our Pacific family, close neighbours, major trading partners, US ally and other strategic partners – are particularly consequential for Australia. Many regional countries are vulnerable to shocks from the pandemic. Even those that successfully contain the virus could suffer acute economic damage due to lockdowns and curbs on tourism and other key industries. As Tropical Cyclone Harold demonstrated in Fiji, Solomon Islands, Tonga and Vanuatu in April, the crisis can also complicate natural disaster responses in the region.

¹ The World Bank, "Press release: 100 countries get support in response to COVID-19 (Coronavirus)", <https://www.worldbank.org/en/news/press-release/2020/05/19/world-bank-group-100-countries-get-support-in-response-to-covid-19-coronavirus> ; The World Bank "Poverty Overview", <https://www.worldbank.org/en/topic/poverty/overview>

- 1.4. The crisis could also have significant implications for regional security. The pandemic potentially increases existing threats such as transnational crime, cybercrime, terrorism, weapons proliferation, people smuggling and human trafficking. In some regional flashpoints, actors could see an opportunity to make gains while governments are preoccupied with domestic imperatives. These issues are also discussed in Chapter 2.
- 1.5. The unpredictable duration and severity of the pandemic adds a layer of complexity to forecasting longer-term impacts on our strategic environment. The crisis could precipitate changes in the relative weight, influence and outlook of regional countries. The pandemic and its ramifications will unfold over an extended period, potentially through a second wave of infections, with economic, social and other effects likely to extend well beyond the end of the health crisis. Australia will need to be flexible in our international responses, given countries will pass through the phases of the health and economic crisis at differing rates.
- 1.6. The responses of individual countries and the broader international community to the interconnected challenges posed by COVID-19 will heavily shape Australia's policy responses for the foreseeable future. Australia's agency and influence will need to be calibrated for maximum effect in what will be a global environment characterised by risk and uncertainty, as well as sharpened major power rivalry. Trade and economic implications are discussed in detail in Chapter 4.

Australia's enduring interests

- 1.7. The pandemic has tested our foreign policy settings, requiring carefully calibrated and nimble responses and strategies, but it has not altered the currency of Australia's long-term international objectives outlined in the Foreign Policy White Paper, namely:
 - promoting an open, inclusive and prosperous Indo-Pacific region in which the rights of all states are respected;
 - delivering more opportunities for our businesses globally and standing against protectionism;
 - ensuring Australians remain safe, secure and free in the face of threats such as terrorism, transnational crime and malicious cyber activity;
 - promoting and protecting the international rules and norms that support stability and prosperity, and enabling cooperation to tackle global challenges; and
 - continuing to step-up support for a more resilient Pacific and Timor-Leste.
- 1.8. While COVID-19 is a global crisis, Australia's most consequential interests and capabilities are concentrated in our region. Our current priorities are:
 - continuing to deliver services for Australians;
 - contributing to regional health security and supporting regional partners' pandemic preparedness and response;
 - building a pathway to sustainable and resilient economic recovery for the region;

- mitigating threats to regional stability as required; and
- shaping outcomes in global and regional institutions to strengthen health security and facilitate global economic recovery.

1.9. Our efforts to support our partners will strengthen relationships and directly benefit Australia's national interests. The trajectory of our own recovery, including the resumption of international travel to and from Australia, will depend in part on health and economic conditions abroad. Effective international cooperation can help coordinate efforts and share burdens in areas such as country-level health security and vaccine development and distribution.

The Government's response

Standing with our neighbours

- 1.10. Leveraging our effective domestic response to the pandemic, the Government has moved quickly to address its effects in our region in line with the above objectives.
- 1.11. Australia's development response to COVID-19 is set out in the *Partnerships for Recovery* strategy. The strategy targets three critical areas – health security, stability and economic recovery – of most relevance to partners' and our own prosperity and resilience. While global in scope, the strategy prioritises support to the Pacific and Southeast Asia – where Australia can have the most impact and where our interests are most directly engaged. This includes redirecting over \$280 million from the existing development program to support the critical medical and humanitarian needs of the Pacific and Southeast Asia. The strategy builds in flexibility to respond to needs in partner countries and to support global efforts. It also focuses on the most vulnerable, particularly women and girls.
- 1.12. DFAT's Indo-Pacific Centre for Health Security has invested in building national capacity in our region to prevent, detect and respond to infectious disease threats. We are partnering with Australia's premier health and medical research institutions to deliver programs which support infection prevention and control; and surveillance of infectious diseases, immunisation coverage and treatment-resistance in pathogens and vectors. The Government has also improved the Indo-Pacific's future access to safe and affordable vaccines through Australia's \$300 million commitment to Gavi, the Vaccine Alliance.
- 1.13. The Pacific and Timor-Leste: Our response to COVID-19 goes to the heart of Australia's 'Step-up in the Pacific' and the new chapter in our relationship with Timor-Leste. Since January, Australia has worked with Pacific island countries and Timor-Leste to help them prepare for and respond to the pandemic. This includes deploying health experts and providing personal protective equipment (PPE), medical supplies and support for laboratories, public information campaigns, and the World Health Organization's regional COVID-19 plans. We worked with our partners to pivot our development program to meet the highest priorities, including delivery of immediate financial support. Working with partner governments, we tailored financing packages to meet urgent financing needs in Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Timor-Leste and Vanuatu.

- 1.14. Conscious of Australia's role as a gateway for the Pacific to the world, we are maintaining an essential services and humanitarian corridor to the region. While protecting the integrity of Australia's public health measures, the corridor has helped deliver humanitarian supplies to 13 Pacific island countries and territories, and Timor-Leste. This includes new rapid diagnostic tests and life-saving supplies to Vanuatu and Fiji following Tropical Cyclone Harold. The corridor has also facilitated the return home of over 500 Australians and permanent residents, over 400 Pacific island and Timorese nationals, and over 600 third country citizens. Australia has worked closely with other Pacific island countries, as well as with the Pacific Community (SPC), World Food Programme and the World Health Organization, to support the Pacific Islands Forum's Pacific Humanitarian Pathway in the development of shared protocols to reduce the spread of COVID-19 and support essential movement within the Pacific.
- 1.15. As part of Australia's response, we have worked to support service delivery for the most vulnerable with a focus on women and children. As revenues declined, we reprioritised our support to ensure continued access to services, safe shelter and outreach to vulnerable people. An example is the establishment of the 'Orange Door' initiative in Kiribati which provided safe shelter for women and children that were adversely impacted by COVID-19. On 29 May, Australia's Minister for Foreign Affairs and Minister for Women co-hosted with the Deputy Prime Minister of Samoa, a Pacific women's leaders meeting to discuss the impact of COVID-19 on women, and collective actions moving forward in health, safety and economic recovery.
- 1.16. Looking ahead, DFAT is now working with Pacific nations to manage the rapidly expanding fiscal challenges, support the most vulnerable and build a pathway to economic recovery. We are cooperating with international financial institutions to ensure financing and technical expertise is available to the Pacific. New visa arrangements for Pacific workers have enabled 2,800 people to be redeployed under our labour mobility programs enabling vital remittances to Pacific economies and support businesses in rural and regional Australia. Reprioritising the project pipeline for the Australian Infrastructure Financing Facility for the Pacific will contribute to jobs and growth, as well as deliver quality, climate-resilient infrastructure.
- 1.17. Southeast Asia: The capacity of ASEAN countries to weather COVID-19 will be integral to Australia's interests. Our agenda for the Indo-Pacific and our objectives for regional stability and prosperity have ASEAN at the centre. We are working with partners in the region and international institutions to help maximise the effectiveness of respective national efforts, supported by our re-oriented bilateral programs and assistance from other international institutions and partners. We will prioritise areas where we can catalyse meaningful responses, such as the design of stimulus and social protection measures. In doing so, we will build on trusted relationships in the region, which have enabled us to return Australians during the crisis, keep supply chains open for medical goods and broader trade, and learn from the region's experiences. We will continue to cooperate closely with Indonesia to address its immediate health and humanitarian needs. We will also build on our Comprehensive Strategic Partnership with Indonesia to assist its economic recovery, utilising also the bilateral Comprehensive Economic Partnership Agreement, which will enter into force on 5 July 2020.

- 1.18. Beyond the Pacific and Southeast Asia: While our efforts are concentrated on Australia's near neighbours, we will continue to support our partners in the broader Indo-Pacific and beyond, making targeted investments to support relief and recovery where there are strong reasons to do so and where we can have impact. In South Asia, we will work closely with countries like India to advance our common interests.

Supporting our Indo-Pacific neighbours

We are working with our Indo-Pacific neighbours to support a stable, prosperous and resilient region as we face COVID-19 together



\$280+ million

Redirected funds from Australia's 2019-20 Official Development Assistance program to respond to economic, health and social impacts of COVID-19 in the Indo-Pacific



15,000 kg

PPE, essential medical and laboratory supplies provided to our Indo-Pacific partners



\$5.5 million

Funding provided by Australia to the World Food Programme to support the COVID-19 response in the Indo-Pacific, including the transport of humanitarian and critical medical supplies and food security assessments in the Pacific



97,000

GeneXpert cartridges for COVID-19 testing to be delivered from April to December 2020



COVID-19

\$60 million

Funding for relevant Indo-Pacific Centre for Health Security projects including \$10 million to bolster COVID-19 testing, treatment and surveillance in the Pacific and Timor-Leste



\$300 million

Funding pledged to Gavi, the Vaccine Alliance, to strengthen health systems in the Indo-Pacific to deliver basic immunisation and respond to COVID-19

Stepping up to support a resilient Pacific

- The Pacific remains a central focus for Australia's international response to COVID-19.
- We are working with our Pacific partners to manage the social economic and health impacts of the global pandemic.
- Australia's support for, and partnership with, our Pacific family is essential for regional health security and our long-term interests in a stable, prosperous and resilient Pacific.
- As the Prime Minister told G20 leaders on 26 March 2020, "there has never been a more important time for Australia's Pacific Step-up as we all face these massive challenges".
- Building on our long history of working together in times of crisis, the closer ties developed through the Pacific Step-up have put us on a strong footing to respond to the pandemic. Australia has moved quickly to reorient Pacific Step-up activities and development assistance to address the threat of COVID-19 and support Pacific governments' priorities, including:
 - deploying health experts and providing PPE and medical supplies, providing support for laboratories, public information campaigns, and for the WHO's regional preparedness plan and COVID-19 Pacific Health Sector Support Plan (phase II);
 - providing an immediate \$100 million economic and health sector support package, delivered through reprioritised development assistance; and
 - working in partnership with other members of the Pacific Islands Forum to help establish a Pacific Humanitarian Pathway to enable the transport of humanitarian and medical supplies within the Pacific.
- Portfolio Ministers have led the way, remaining in close contact with their Pacific counterparts to coordinate our efforts, both bilaterally and regionally.
- Australia's Minister for Foreign Affairs and Minister for Women co-chaired the Pacific Women Leaders' meeting with Samoa's Deputy Prime Minister Fiame Mata'afa on 29 May, and joined the meeting of Pacific Islands Forum Foreign Ministers to establish the Pacific Humanitarian Pathway – a critical component of the regional COVID-19 response – and the first meeting of the Pathway's Ministerial Action Group.
- Supporting Pacific workers in Australia during the crisis is also a priority for the Government, with Ministers announcing on 4 April new visa measures to enable Pacific and Timorese workers to remain in Australia for up to 12 months. This enables workers to continue to support themselves and their families and communities back home, and businesses in rural and regional Australia.
- With the outlook for the post-COVID landscape in the Pacific remaining uncertain, Australia is developing a proactive economic agenda in support of the region. This will help Pacific island countries recover from the shocks of the pandemic while remaining secure and able to protect their sovereign interests.



Australia's Minister for Foreign Affairs and Minister for Women co-chaired the virtual Pacific Women Leaders' Meeting with Samoa's Deputy Prime Minister on 29 May

Strengthening partnerships

- 1.19. Australia, as a country which has successfully managed the COVID-19 challenge to date and with its strong international networks, retains agency and credibility to influence and shape our external environment. We can maximise our impact by working alongside others towards shared goals. Travel restrictions have not prevented us from investing more heavily in our relationships, particularly with Indo-Pacific partners, through virtual means – not only to coordinate on responses to the pandemic, but also our approaches to economic recovery, trade policy, regional security, and regional and global architecture.
- 1.20. The role of the United States, which is confronting one of the world's most serious outbreaks of COVID-19, will be crucial to the Indo-Pacific region's recovery, resilience and future prosperity. Our ally remains integral to our foreign policy and can play an important part as a stabilising influence in the region. Throughout the crisis, we have had frequent engagement with the United States at leader, ministerial and officials' level. We have worked closely with US counterparts on sharing scientific and medical research data, on keeping global supply chains open and on coordinating our assistance to the region, including US contributions of US\$27.7 million to the Pacific and US\$71 million to ASEAN.
- 1.21. Even as we recognise some clear differences between us, Australia remains committed to a constructive relationship with China that is not defined by those differences, and works in the interests of both countries. Our relations have never been more consequential, nor more complex, as we seek to navigate the bilateral and international impacts of COVID-19. We have already shown how we can work together in addressing challenges in the initial stages of the outbreak. It is in both countries' interests that our Comprehensive Strategic Partnership, including our important and mutually beneficial trade relationship, remain robust and effective throughout the critical economic recovery phase.
- 1.22. Our other bilateral relationships have also been important, including to share ideas, approaches and strategies on COVID-19 response and recovery. During the crisis we have continued to invest in strengthening our partnership with India and elevated this to a Comprehensive Strategic Partnership at a virtual Leaders' Summit in early June. Portfolio Ministers have been in frequent contact with their counterparts in Japan to discuss the full range of regional and global issues and to pave the way for a forthcoming Leaders' summit. Portfolio Ministers and senior officials have also stepped up engagement with Indo-Pacific partners, including with Bangladesh, Brunei, Indonesia, Malaysia, Nepal, Pakistan, the Philippines, the Republic of Korea, Singapore, Timor-Leste and Vietnam.
- 1.23. COVID-19 has presented the opportunity to deepen regional and global cooperation, and to reinforce and diversify our partnerships through new and existing configurations. In addition to bilateral contacts, regular ministerial and officials-level teleconferences with cross-regional partners have facilitated exchanges on best practice and coordination. For instance, we exchange information and pursue cooperation through the Quadrilateral Dialogue (India, Japan and the United States), Trilateral Strategic Dialogue (Japan and the United States) and with Five-Eyes partners (Canada, New Zealand, the United Kingdom and the United States). We are coordinating closely with our Pacific partners on essential services and humanitarian pathways

and on COVID-19 responses. We have joined new like-minded partnerships to support our COVID-19 political, economic and consular response. The Prime Minister has participated in the Smart COVID-19 Management Group (*First Movers*), led by Austria. We have supported Minister Payne's participation in ministerial coordination meetings on COVID-19, convened by Canada. The DFAT Secretary has participated in the seven-country senior-officials' Indo-Pacific coordination call with India, Japan, New Zealand, the Republic of Korea, the United States and Vietnam.

- 1.24. Australia is also encouraging inclusive, effective responses to COVID-19 through regional architecture. We are engaging closely with regional institutions, particularly ASEAN, Asia Pacific Economic Cooperation (APEC), the Pacific Islands Forum and the Pacific Community, to ensure our efforts link with broader response and recovery efforts. We will also seek to work through the East Asia Summit to promote dialogue and greater coordination to manage the strategic and economic implications of the crisis.

Promoting free and open trade and supporting economic recovery (see also Chapter 4.)

- 1.25. Australian job creation and prosperity will be boosted by a free and open, market-based trade and investment environment. The Government is supporting this outcome through institutions like the World Trade Organization (WTO), G20 and APEC; our regional and bilateral trade agreements and negotiations; and bilateral partnerships. We are advocating for the maintenance of well-functioning supply chains and for pandemic-related measures to be targeted, proportionate, transparent, temporary and consistent with WTO rules. As COVID-19 has accelerated the global pivot towards digital trade, Australia will work with other countries to advance rules that provide an enabling environment to support our commercial interests and national prosperity.

Keeping Australians safe

- 1.26. We need to remain vigilant in mitigating increased threats to our security arising from the COVID-19 crisis. Impacts such as greater use of cyber technologies for remote work, increased economic hardship and uncertainty regarding accurate information sources in this challenging time are factors that play into a heightened threat environment.
- 1.27. Countering terrorism: The pandemic has increased the vulnerability of individuals in some countries to radicalisation spurred by increased distrust of the government, economic hardship and scapegoating along racial and religious lines. This has been compounded by the diversion of law enforcement and security resources. The Government remains committed to deploying broad capabilities to combat terrorism and violent extremism. We continue to prioritise and drive international cooperation on counter-terrorism, including in our region and through our participation in the Global Coalition Against Da'esh.
- 1.28. Enhancing cyber resilience: Malicious cyber actors have sought to exploit the pandemic for financial or strategic gain. This includes actions that could damage or impair the operation of hospitals, medical services and facilities. Australia is active in two UN processes – the UN Open-Ended Working Group on cyber (OEWG) and Group of Government Experts – considering the rules for state behaviour in cyberspace, and advocating implementation and adherence to

the rules already agreed. In partnership with others, we introduced to the OEWG a joint proposal underscoring the need to protect health infrastructure. We will continue to call on countries to cease cyber activities inconsistent with international legal obligations and UN agreements and to encourage cooperation to address cybercrime.

- 1.29. Addressing disinformation: Disinformation has presented another threat to an effective response to the pandemic. During a pandemic, disinformation can cost lives. In the context of COVID-19, there has been evidence of targeted disinformation campaigns seeking to undermine democratic debate and exacerbate social divisions. Some efforts have also sought to challenge liberal democracy and promote authoritarian models of governance. We are particularly vigilant about disinformation that seeks to undermine Australia's social cohesion. The significant increase in disinformation we have seen contributes to a climate of fear and division when, at a time like this, what we need is cooperation and understanding. Australia is enhancing efforts across government to monitor and respond to disinformation, including using our diplomatic and public communications resources to promote accurate, credible and trustworthy information in our region. We are also working closely with regional and international partners in this regard. We anticipate a continuing need to ensure accurate messaging including on Australia's efforts to support health preparedness and recovery efforts across our near region.
- 1.30. Countering proliferation of weapons of mass destruction: DFAT continues to pursue global cooperation to disrupt and prevent the proliferation of weapons of mass destruction and associated technologies. As countries increase economic activity following the pandemic, we will encourage vigilance to maintain the integrity of export and border controls for dual-use technology, precursors and equipment related to weapons of mass destruction.
- 1.31. Promoting and protecting human rights: Promoting and protecting human rights internationally, including through our strategy on the death penalty, reduces the risk of Australians overseas being victims of human rights violations or abuses. It also leads to more open and resilient states, which serves Australia's interests. (See also Chapter 5.)

Partnerships for Recovery: Australia's COVID-19 Development Response Strategy

- The impacts of COVID-19 in the Indo-Pacific are already severe. This poses profound challenges to Australia's economic and security interests. The region has been the engine room of global growth for decades. This has underpinned Australia's prosperity for many years.
- The Government's new development strategy, *Partnerships for Recovery*, outlines how Australia will tackle the impacts of the pandemic with our Indo-Pacific partners.
- The strategy targets three vital areas - health security, stability and economic recovery - of most relevance to our shared prosperity and resilience. It flags a tight focus on our near neighbourhood, particularly the Pacific and Southeast Asia. It notes that Australia will remain a constructive and engaged contributor to global relief and recovery efforts. It also focuses on the most vulnerable, particularly women and girls.
- Australia has substantially reshaped our development program to respond to COVID-19. We have reprioritised \$280 million from the existing development program to support the critical medical, humanitarian and economic needs of the Pacific and Southeast Asia.
- We have also provided personal protective equipment, diagnostic testing assistance and support for infection prevention across our region, including through the essential services and humanitarian corridor to the Pacific and Timor-Leste.
- Through these partnerships, we strengthen our friendships and contribute to stability, security and prosperity in our region. We also maintain our reputation as a reliable partner and a positive contributor in the world.



Australia has been working with the government of Timor-Leste and other partners to establish handwashing stations throughout the country to help fight the spread of COVID-19.

2. THREATS TO THE GLOBAL RULES-BASED ORDER AND THE GOVERNMENT'S RESPONSE

SUMMARY

- The pandemic underscores the need for robust multilateral institutions, adherence to international rules and norms and constructive multilateral engagement in addressing the effects of the crisis on global issues of concern.
- The portfolio's successful advocacy for an independent, impartial and comprehensive review into the pandemic – established through the World Health Assembly resolution co-sponsored by 145 countries – illustrates how we can work with partners to leverage multilateral agencies to support our priorities.
- The pandemic also highlights the importance of concerted action by Australia and like-minded governments to maintain global supply chains and protect open and free trade, countering protectionist trends while bolstering the effectiveness of international economic institutions and groupings.
- We need to maintain vigilance against increased threats to international security arising from the disruptive impact of the pandemic.

- 2.1. COVID-19 is a powerful reminder that Australia's interests are best served by a multilateral system that promotes collective responses to problems that cannot be solved by countries acting alone. Prior to the crisis, we had entered an era of sharper challenges to the rules-based international order due to shifts in global power, technological disruption and protracted global challenges. Protectionist trends, as well as coercive behaviour and threats to territorial integrity continue to pressure the rules-based international order. Some of these currents have been evident amidst the pandemic, and in the challenge of forging global cooperation on COVID-19 response and recovery.
- 2.2. Commissioned by the Prime Minister in October 2019, DFAT's audit of Australia's engagement with the United Nations (UN) and international standard-setting bodies affirmed that UN agencies, especially international standard-setting bodies, are vital to Australia's interests, values and prosperity. When working effectively, multilateral institutions underpin global rules and norms, ensure a level playing field and support international cooperation. The audit also found that multilateral institutions are under unprecedented strain, including from shifts in global power and emerging challenges. On occasion, these institutions' performance has been mixed. Reform is needed to ensure they remain relevant and continue to support our values and strategic objectives.
- 2.3. The pandemic has highlighted the importance of credible and timely action by the UN and its affiliated agencies. Now, more than ever, it is essential that the UN and international institutions are fit-for-purpose, accountable to member states and free from undue influence. An erosion of confidence in the UN (a key pillar of the global order) as a result of the pandemic would further weaken it and the rules, norms, standards and values it upholds.

- 2.4. In response to the pandemic, there has been increased appetite for some countries to escalate trade protectionism and to arbitrarily block foreign investment, as well as to reduce reliance on global supply chains. Disproportionate measures and a significant rise in protectionism could undermine a global economic recovery, weaken trade rules and make it harder to restore Australian economic growth and jobs.

The Government's response

Preserving international rules, norms and standards

- 2.5. In an increasingly contested environment, we continue to promote our interests in preserving the international rules, norms and standards that underpin the international order. We have encouraged constructive engagement by major powers in global institutions. We have also worked with a broad cross-section of nations in pursuit of shared interests, including the protection of liberal democratic values in the face of opportunistic moves by some actors to undermine these values.
- 2.6. Consistent with the findings of DFAT's audit on Australia's engagement with the UN and international standard-setting bodies, Australia will continue to advocate for international outcomes that reflect our values of openness, transparency and the rule of law, which are essential to global cooperation and will be instrumental in the COVID-19 economic recovery. We will also continue to support reform efforts in the UN and its agencies to improve transparency, accountability and effectiveness.
- 2.7. We are invested in strengthening the global health architecture. Our successful advocacy, led by the Prime Minister and Minister for Foreign Affairs, for an independent, impartial and comprehensive review into COVID-19 – established through the European Union-led World Health Assembly resolution co-sponsored by a record 145 countries – is a good illustration of how we partner with other countries to advance shared interests through the multilateral system.
- 2.8. Australia's role on the World Health Organization (WHO) executive board positions us well to contribute to strengthening of global health architecture. Providing continuing humanitarian assistance through trusted partners, including the WHO, World Food Programme, UN Children's Fund, UN Women, and UN Population Fund, helps save lives and protect the most vulnerable during COVID-19.

Pursuing Australia's values globally

We are collaborating internationally and contributing to the global COVID-19 response effort



\$352 million

Australian funding provided for research and development of COVID-19 vaccines, diagnostics, therapeutics and respiratory medicines



29

UN resolutions and statements in which Australia has pursued its interests, to help generate global solidarity and cooperation in response to COVID-19



145

Countries - including Australia - that co-sponsored the World Health Assembly resolution for an independent evaluation of the COVID-19 pandemic

Multilateral trade and economic governance

- 2.9. Given the importance of trade for Australia's economy, we continue to work hard to maintain free and open trade. The Government is committed to facilitating and deepening global trade as countries emerge from the crisis, as reflected in statements by the Prime Minister, Minister for Foreign Affairs and Minister for Trade, Tourism and Investment in forums such as the G20, World Trade Organisation (WTO) and APEC. We have strongly supported efforts by the WTO to track trade restrictions introduced in response to COVID-19, including by notifying the organisation of our own measures in a timely manner and making clear our expectation that others do the same. In international groupings like the G20 and APEC, we are working to address trade disruptions, limit protectionism and ensure global economic recovery is based on free and open trade.
- 2.10. Australia's interests remain best served by a strong rules-based global trading system. COVID-19 has provided another catalyst for reform. Modernising the WTO rulebook, strengthening its monitoring of trade measures and enhancing its dispute settlement system will help lift business confidence and expand commercial opportunities. We will also continue to negotiate new free trade agreements and, where possible, to upgrade existing agreements. With the pandemic accelerating the global pivot towards digital trade, Australia will work with other countries to advance rules that provide an enabling environment.

Australia's support for international financial institutions

- 2.11. International financial institutions – such as the International Monetary Fund, the World Bank, and the Asian Development Bank – have a major role in the COVID-19 response and economic recovery. The Government will continue to work closely with these institutions to ensure that

countries in our region benefit from their financing packages. For example, Australia is advocating for strong and timely concessional and grant financing support to Pacific island countries, where needed, to allow critical services to function and assist countries to avoid debt distress. Along with G20 partners, Australia has committed to appropriate debt relief and deferral arrangements during this time.

UN Convention on the Law of the Sea and the South China Sea

- 2.12. Adherence to international law remains paramount, even while countries are focused on domestic responses to COVID-19. Australia is a prominent advocate of adherence to international law to support peace, trade and our common prosperity. We have a substantial interest in stability in the South China Sea – a crucial international waterway – and the norms and laws that govern its use, in particular the UN Convention on the Law of the Sea (UNCLOS). The Government joined several other nations in publicly expressing concern about recent developments during the COVID-19 crisis, including reported efforts to disrupt other countries' resource development activities, the declaration of new 'administrative districts' over disputed features, and the sinking of a Vietnamese fishing boat, reportedly in a collision with a Chinese coast guard vessel.
- 2.13. Australia has also maintained its operational presence in the South China Sea and exercised freedoms of navigation and overflight, as it has for decades, consistent with UNCLOS. In April 2020, an Australian naval vessel conducted passage exercises in the South China Sea in company with a number of US naval ships.

Cooperation on climate change

- 2.14. The pandemic has coincided with a key moment for global action on climate change, characterised by the start of the Paris Agreement's implementation in 2020. A reduction in climate ambition due to the crisis, particularly finance commitments or emissions reductions targets, would stall this momentum and undermine confidence in the global architecture and rules-based order to deal with this key issue. Australia will continue to work in partnership with developed and developing countries to preserve the hard-won global consensus to address climate change and transform this into clear action. Through our technical assistance delivered under DFAT's Climate Change Action Strategy, we will support partners to align their responses to COVID-19 with global adaptation, resilience and emission reduction goals.

3. THE IMPACT ON HUMAN RIGHTS

SUMMARY

- The COVID-19 pandemic and response has seen increased human rights violations and abuses, and anti-democratic trends globally.
- Disruptions due to COVID-19 have challenged the capacity of governments to ensure the enjoyment of certain human rights, including the rights to health and work.
- There has been a disproportionate negative impact on people in vulnerable situations (such as women and girls, LGBTI persons, persons with disabilities and religious and ethnic minorities), with escalating cases of domestic violence and discrimination.
- The pandemic has compounded existing humanitarian, economic, and governance challenges in many countries.
- Implementation of restrictive measures to curb the spread of COVID-19 has placed pressure on the international protection system and access restrictions have impeded humanitarian operations, limiting life-saving assistance.
- We continue to register Australia's human rights concerns bilaterally, regionally, and multilaterally, and to promote human rights through our development responses.

- 3.1. The COVID-19 pandemic has provided a pretext for worsening or new human rights violations and abuses under the cover of emergency measures in some countries. Australia is actively addressing the impacts of COVID-19 on human rights through our engagement and advocacy bilaterally, regionally, and multilaterally. Upholding and advocating human rights is crucial to protecting human health and dignity as well as promoting international rules that support stability and prosperity.
- 3.2. The economic, social and systemic disruption caused by the COVID-19 pandemic and responses has challenged the capacity of governments to ensure the enjoyment of certain human rights, including the rights to health and work.
- 3.3. While certain measures to slow the spread of COVID-19 are necessary, including social distancing, lockdowns, travel bans and other restrictions, governments must ensure COVID-19 emergency measures comply with international human rights obligations. Measures should be proportionate, transparent, non-discriminatory and temporary.
- 3.4. The measures imposed by some states in response to COVID-19 have demonstrated backsliding on human rights. This includes excessive or unnecessary restrictions, or punitive measures, on transparency and freedoms of information, expression, opinion, religion or belief, movement and association, which are disproportionate or unrelated to the objectives of containing the spread of the virus. In some cases, countries have denied consular access, even by phone, video or written correspondence, in breach of the Vienna Convention on Consular Relations and bilateral consular agreements. We have also seen governments silencing journalists, health workers, and others reporting on the pandemic or criticising official responses, thus limiting

information about the disease, undermining the capacity of the international community to fight the pandemic, and eroding trust in government.

- 3.5. The pandemic has compounded existing humanitarian, economic, and governance issues in many states. Protracted humanitarian crises present significant challenges for a comprehensive COVID-19 response and the protection of human rights. Conflict and access restrictions impede humanitarian operations, limiting life-saving assistance to the most vulnerable. COVID-related border closures and the large-scale loss of informal sector employment (often filled by foreign workers and irregular migrants) have impacted heavily on migration and on refugee resettlement.

Vulnerable groups

- 3.6. Some COVID-19 measures adopted by various governments have impacted disproportionately and negatively on the welfare of people in vulnerable situations (such as women and girls, LGBTI persons, persons with disabilities and religious and ethnic minorities). In some cases, school closures have been implemented in ways that have disproportionately affected children who are already experiencing barriers to education, or who are marginalised for various reasons, including girls, those with disabilities, or those affected by other inequalities. There is a real risk that many children, including the most vulnerable, will not be able to return to school when classrooms reopen. Measures have also exacerbated existing human rights concerns including xenophobia, hate and exclusion faced by some minorities, sexual and gender-based violence, and limited access to sexual and reproductive health and rights (SRHR). Some governments have failed to address the increase in severity of family and domestic violence. Others are abusing lockdown laws to arrest LGBTI persons and abuse children.
- 3.7. Refugees are particularly vulnerable to the health and socio-economic impacts of the pandemic, and some refugees, as perceived carriers of the virus, have experienced increased prejudice from host communities. Implementation of measures to curb the spread of COVID-19, including border restrictions or closures, have placed unprecedented pressure on the international protection system. These measures affect the rights of asylum seekers and refugees to seek protection, and make refugees and asylum seekers more vulnerable to smuggling and trafficking. Providing humanitarian assistance and protecting the rights of refugees and asylum seekers ensures they are able to find safety as close to home as possible.

Challenging democracy

- 3.8. Some governments have taken advantage of the pandemic to target opponents, including through unwarranted restrictions, intimidation and violence against journalists, human rights defenders and the political opposition. Others have subverted political and judicial processes to consolidate authoritarian rule, including through undemocratic elections, rule by decree, arbitrary detention of opposition figures, and compromising due process and the legal rights of detainees. COVID-19 has been a convenient reason for some to limit political demonstrations, and to intensify digital surveillance without appropriate legal or health protection basis or limitations. Some authoritarian governments have also actively spread disinformation and asserted the supremacy of their responses, including the repression of

human rights, over the responses of democratic systems where human rights have been protected.

Undermining gender equality and the rights of women and girls

- 3.9. Women and girls have been disproportionately affected by the pandemic. Assessments point to entrenched gender discrimination, higher socio-economic vulnerability, exacerbated domestic violence in lockdowns, and frontline roles such as caregivers and medical workers as some of the areas of concern. The instability and fear caused by the pandemic is exacerbating pre-existing human rights concerns, such as gender discrimination, sexual and gender-based violence, and limitations to SRHR. Some governments are neglecting to listen to women's voices as responses are developed, reinforcing the already stark absence of women's leadership in formal-decision making.
- 3.10. A failure by some governments to recognise the rise in violence against women and girls during COVID-19 raises serious risks of perpetrators acting with impunity. Some countries are facing an increased risk of online sexual exploitation as a result of lockdowns. COVID-19 is also impacting on the multilateral normative dimensions for pursuing gender equality, which were already under threat pre-COVID-19, and are now even more so.

Undermining international commitments to universal human rights

- 3.11. Some governments are using COVID-19 as a pretext to undermine the international community's commitment to universal human rights, in ways inconsistent with Australian values and interests. They are challenging the legitimacy of efforts to address human rights concerns in multilateral forums during the pandemic, and asserting the primacy of social and economic rights over civil and political rights, contrary to the principle that there is no hierarchy of human rights.

The Government's response

Putting human rights front and centre

- 3.12. Australia continues to make our human rights concerns clear through action bilaterally, regionally, and multilaterally throughout the pandemic. This is particularly important given some countries' increased appetite to use COVID-19 as an opportunity to undermine democratic principles, respect for human rights and the rule of law.
- 3.13. On 23 May Minister Payne issued a joint statement with her UK and Canadian counterparts, and on 28 May, issued a further joint statement with her UK, US and Canadian counterparts, expressing concern about proposals for the introduction of national security legislation in Hong Kong. Ministers noted that such a law would "undermine the principle of 'One Country, Two Systems'" and "existing commitments to protect the rights of Hong Kong people – including those set out in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights."
- 3.14. We have supported a strong role for multilateral human rights institutions in responding to the pandemic, including through our membership of the United Nations Human Rights Council

(HRC) and contributions to other multilateral forums. Australia has submitted a general comment endorsing the 29 May HRC President's statement on the human rights implications of the COVID-19 pandemic and supporting the role of the Council and its mechanisms in responding to these. During an informal virtual conversation with the United Nations High Commissioner for Human Rights on 9 April, Australia delivered a statement calling for emergency measures to comply with international human rights law and condemning the actions of states taking advantage of the pandemic to undermine human rights. We also joined a statement by members of the Group of Friends for the Safety of Journalists, highlighting the role that free, independent, and pluralistic media play in informing the public during the pandemic. To address the disproportionate impacts of the pandemic on vulnerable groups, we have joined a number of statements issued by groups of UN member states on the impact of COVID-19, including on gender-based violence, SRHR, indigenous peoples, older persons, children, persons with disabilities and LGBTI persons. We are pursuing clear messaging on gender equality as a priority in the COVID-19 response through our advocacy in multilateral forums.

Supporting human rights through our development program

- 3.15. Australia also promotes human rights through our development program. Our COVID-19 development response is underpinned by a strong emphasis on protecting the most vulnerable, especially women and girls. Our investments in response to the escalation in violence against women and girls are supporting the delivery of essential services for survivors and support effective responses by local women's organisations working on the frontline across the Indo-Pacific. The 29 May Pacific Women Leaders' meeting co-convened by Australia's Minister for Foreign Affairs and Minister for Women, and the Samoan Deputy Prime Minister on the gender implications of COVID-19 in the Pacific region, affirmed shared commitment to address critical needs of women health workers, promote gender equality, and ensure recognition of the vital role women must play in the economic recovery of the region. On 5 June, Minister Payne also co-hosted the second meeting of female Foreign Ministers alongside Spain's Foreign Minister, Arancha Gonzalez Laya, to discuss the role of women in economic recovery as part of a continuing dialogue on the impact of COVID-19 on women and girls.
- 3.16. We are working with other governments to expand their social protection systems. Australia has also supported governments to expand existing cash transfer and food voucher programs and create new programs where there were gaps in coverage. Our response includes ongoing education assistance to vulnerable populations, to ensure existing vulnerabilities are not exacerbated.
- 3.17. Australia's flexible humanitarian funding has supported agencies to pivot their activities to respond to COVID. Our assistance continues to ensure the pandemic does not exacerbate vulnerabilities or further threaten human rights or instability.

4. TRADE AND ECONOMIC ISSUES, INCLUDING SUPPLY CHAIN INTEGRITY

SUMMARY

- Global economic activity will remain depressed in the short to medium term, despite governments' support measures. The World Bank predicts a 5.2 per cent drop in global GDP in 2020.
- All of Australia's major economic partners face significant trade impacts from COVID-19, with implications for Australian exports.
- Restrictions on people movements have had a profound impact on Australia's economy, notably for our international education and tourism sectors.
- The extent of supply chain disruptions arising from the pandemic has been widespread but uneven. Restrictions on international aviation have been a major factor in the disruption to the services sector and the supply chains for some Australian businesses.
- We will work to expand trade and help build more resilient supply chains, as well as ensure we have access to a sufficient level of essential goods and services in times of crisis.
- We continue to work with like-minded partners to advocate for open markets globally, to pursue trade agreements and to push back on protectionist trends.

4.18. The COVID-19 pandemic has unleashed an unprecedented combination of shocks on global supply and demand. The impact of the suspension of economic activities due to health containment measures continues to be felt across the globe. Even as economies gradually reopen, the disruptions to some global supply chains will linger. Despite various governments' introduction of response packages cushioning employment and business impacts, the effect on economic activity in the short to medium term will still be severe. The World Bank's June 2020 Global Economic Prospects report forecast a 5.2 per cent drop in global GDP in 2020.

4.19. Most Australian industries rely on global supply chains as providers of commodity inputs or as importers of intermediate goods. To date, the impact on some Australian supply chains has been significant. This reflects measures including the imposition of trade restrictions by many countries, reduced transport options and increased port loading/unloading times.

Impact on trade, investment and supply chains

Challenges for key export sectors

4.20. In broad terms, Australia's exports have held up despite the COVID-19 crisis, although some sectors were more adversely affected. The total value of Australia's goods exports hit a record high in March 2020 of \$35.3 billion. While goods export values then dropped back 11.3 per cent to \$31.4 billion in April, these levels are still relatively high by historical standards and only one per cent down on a year earlier (\$31.8 billion in April 2019), indicating a resilient overall performance. Some of this resilience was due to strong iron ore exports, while the lower Australian dollar helped offset price weaknesses for other exports such as LNG and coal.

- 4.21. Downturn in merchandise trade exports over the short to medium term is mostly due to demand-side impacts (such as a decline in consumption), rather than any direct disruption of supply chains other than for sectors dependent on air freight such as premium agricultural exports. For example, the value of Australian wool and sheepskin exports fell by 6.1 per cent in April 2020 (compared with March 2020) owing to lower demand in overseas markets.
- 4.22. Supply chain disruptions have been uneven and have differed from sector to sector. Some supply chain issues have been resolved relatively quickly; for example, the shortage of refrigerated containers caused by congestion at ports. Some supply chain disruptions have benefited from solutions implemented by government and industry such as the International Freight Assistance Mechanism (IFAM), while others may linger for some time. Resources and energy supply chains largely remained robust – especially those relying on sea freight.
- 4.23. By far the biggest disruption to supply chains for Australian businesses has been the collapse in global passenger flights and the associated fall in air freight capacity. For example, the volume of Australian exports of fresh and frozen crustaceans dropped 48 per cent year-on-year over Q1 2020 owing to reduced air freight services to North Asia.
- 4.24. COVID-19 restrictions on people movements have had a profound effect on our international education and tourism sectors. Travel services have made up almost two-thirds of Australia's services exports in recent years. Our international education sector is worth over \$40 billion per annum to the economy and supports 250,000 Australian jobs. The tourism industry alone has seen business closures, job losses and estimated revenue losses of \$10 billion per month.

Essential PPE, medical and food supply issues

- 4.25. In the early stages of the pandemic, a number of Australia's major trading partners began imposing export restrictions and licensing requirements on personal protective equipment (PPE), medical products and food. In April, the World Trade Organization (WTO) listed restrictions by over 80 members, and noted the long-term risks to supply chains and public welfare. Food security concerns caused some suppliers of staple products such as grains and rice to restrict exports temporarily.
- 4.26. Australia implemented targeted export measures aimed at preventing hoarding and profiteering of goods essential to combatting COVID-19, such as PPE and sanitisers. Importantly, these measures are temporary, with exemptions for legitimate commercial and humanitarian exports.
- 4.27. A number of economies, including Australia, adopted measures to facilitate imports of essential products, including temporarily suspending import tariffs on medical supplies or accepting electronic certification over paper documents.

Foreign direct investment

- 4.28. Foreign Direct Investment (FDI) plays a critical role in contributing to Australia's economic development, growth and international competitiveness, through the provision of global capital, technology, intellectual property and skills. The impact of COVID-19 is forecast to

reduce global FDI flows by 30-40 per cent in 2020-21², and likely lead to a more contested investment environment with many governments seeking to attract greater levels of FDI to enhance economic resilience and diversification. Restoring confidence in capital markets and encouraging investment flows will be crucial for Australia's economic recovery. Australia will remain a capital-importing country, and will continue to rely on foreign investment to build our productive capacity and capture the economic development opportunities available. At a time of lower investor confidence, Australia will continue to promote itself as a reliable and trustworthy destination, and to work to facilitate productive inwards investment.

- 4.29. Investment into early-stage business models is likely to be more difficult as investors preserve cash. Tourism investment is also expected to remain constrained given the ongoing disruption to international tourism markets and aviation routes. New investment opportunities may emerge in the advanced manufacturing and healthcare sectors should firms reconfigure their production capabilities to build resilience. Investment in digital technologies will likely increase, driven by work-at-home and more home-based education and entertainment. Agribusiness investment opportunities will continue to remain strong, linked to Australia's export potential enabled by Free Trade Agreements (FTAs). Strong investment interest also exists within the renewables sector. While international investors will be attracted to Australia because of our success in responding to COVID-19, investors are also closely monitoring Australia's reform agenda, including taxation and proposed changes to our foreign investment framework. Minister Birmingham has spoken to several current and potential investors in Australia to build confidence and pursue outcomes for Australia.

Building national resilience and fighting the currents of protectionism

- 4.30. COVID-19 has highlighted the importance of building resilience to supply chain risks. It is prudent for Australia to have plans to respond to extreme events such as pandemics that can rupture critical nodes in supply chains. However, it would be unsustainable for Australia to develop rigid production systems based on the worst and most infrequent of events, as this would impose high inflexibility and costs. We must identify which supply chains are critical, work with business to map vulnerabilities and sufficiently expand our trade profile, to manage times of crisis. We should ensure policy interventions are least-cost, and that anticipated benefits exceed any costs.
- 4.31. At the same time, we must stand firmly opposed to increased protectionism. We continue to monitor the emergency measures introduced by other countries in the wake of the pandemic. These have been generally designed to be short-term. However, should countries look to support domestic industries as part of their recovery, some measures, in particular subsidies, may remain in place and be hard to remove. Renewed discussion around on-shoring or re-establishing independent industrial capacity in a number of countries has highlighted the risk of an increase in measures to protect industries that would not otherwise enjoy a comparative advantage.

² United Nations Conference on Trade and Development, "Coronavirus could cut global in global investment by 40%, new estimates show", <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2313>

- 4.32. Expanding our critical supply chains can enhance Australia's essential capabilities in a time of crisis, while promoting our interests in upholding the global trading system. We will work with like-minded to mitigate supply chain vulnerabilities in particular areas where we hold a comparative advantage.

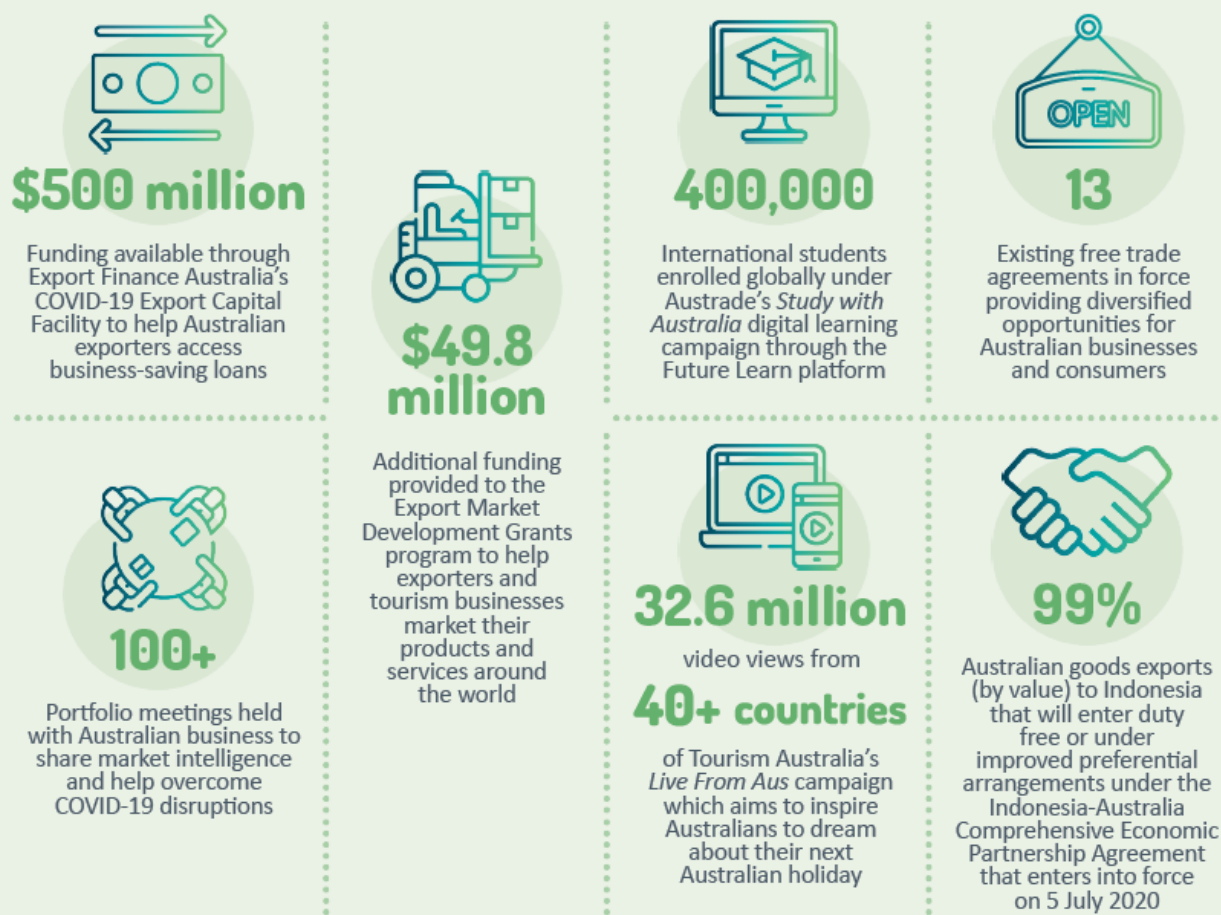
The Government's response

Supporting businesses and enabling the function of supply chains

- 4.33. The Government is supporting access to supply chains through a number of new initiatives. DFAT and Austrade are supporting the Government's implementation of the \$1 billion Relief and Recovery Fund, and have assisted small and medium-sized Australian businesses by improving access to international markets through ten export hubs operated by not-for-profit organisations. Export Finance Australia is administering the COVID-19 Export Capital Facility, which provides loans between \$250,000 and \$50 million to support Australian businesses, including those trading internationally, impacted by the COVID-19 crisis. Austrade is administering an extra \$49.8 million for the Export Market Development Grants Scheme, providing funds to small and medium-sized enterprises for international marketing and promotion expenses.
- 4.34. As part of the Relief and Recovery Fund, Austrade is also administering the Government's International Freight Assistance Mechanism (IFAM). The IFAM is a temporary emergency measure to support and maintain global supply chains during the COVID-19 pandemic.
- 4.35. IFAM has ensured essential imports such as medicines and medical supplies can be transported to Australia. It has also provided the opportunity, on the outbound legs, for Australian businesses trading internationally (including in the agricultural and seafood sectors) to resume servicing existing supply contracts with their international customers. As at 23 June, IFAM had committed over 1,870 flights into and out of Australia, with over 36,000 tonnes of exports, to over 50 international locations, keeping businesses open and protecting livelihoods, including in rural and regional communities.
- 4.36. DFAT and Austrade, including Australia's overseas missions, in collaboration with other government agencies, have worked with private sector partners to negotiate exemptions or flexibilities to other nations' export restrictions and freight delays to ensure Australians have access to key inputs or ensure Australian companies operating in overseas markets can export to Australia and other key markets. Examples include Vietnam's export restrictions impacting on exports of rice to Australia and the Pacific, and ensuring the flow of imports from Argentina of soybean meal for Australian feedlots.

Supporting Australia's economy and businesses

We are working with government partners to position Australia for strong economic recovery after COVID-19, through targeted support for Australian businesses and resolute advocacy for a stable and open global trading system



Reviewing Australia's Foreign Investment Framework

- 4.37. On 29 March, the Treasurer announced temporary changes to the foreign investment review framework. These are designed to protect Australia's national interest as we deal with the economic implications of COVID-19. Effective from the date of announcement, all proposed foreign investments in Australia will require approval, regardless of value or the nature of the foreign investor. This is not an investment freeze. Australia will remain open for business and recognises investment at this time can be beneficial if in the national interest.

4.38. On 5 June, the Government announced a number of planned reforms to Australia's foreign investment review framework, effective from 1 January 2021. Reform measures include:

- a new national security test and new national security powers for the Treasurer;
- strengthened compliance measures; and
- streamlined investment in non-sensitive businesses and a simplified fee structure for all foreign investors.

4.39. Through the introduction of these planned reforms, the Government aims to:

- maintain Australia as an attractive place for foreign investment;
- maintain public confidence in the integrity of the framework, including compliance; and
- protect Australia's national interest and national security.

4.40. The Government will consult on the design of these new measures ahead of introducing legislation to Parliament later this year.

Securing critical supplies for Australia's health response

4.41. In the face of shocks brought on by the COVID-19 crisis, concerted government procurement efforts and action to keep supply lines open, (combined with private sector resilience and increased domestic production) has proven effective in securing the immediate supplies needed for Australia's health response to the pandemic.

4.42. Since March, DFAT and Austrade, in collaboration with other government agencies, including the Department of Health and Department of Industry, Science, Energy and Resources, have worked with private sector partners through our global network to source thousands of ventilators (which now make up over 40 per cent of ventilators available to ICUs across the country), gloves (30 million pieces), goggles (1 million) and surgical gowns (200,000). We have sourced inputs critical to domestic production of face masks, and have negotiated exemptions or flexibilities to other nations' export restrictions and freight delays to ensure Australians have access to critical PPE and medical supplies.

Supporting Australians at home

Our diplomatic network has helped secure critical PPE and medical supplies from across the globe to help Australians at home



4.43. Examples of the work of Australia's overseas missions include:

- China posts helped facilitate PPE procurement, including air freighting hundreds of millions of Chinese-made masks and 150 tonnes of hand sanitiser purchased by Australian firms;
- Singapore post helped source thousands of ventilators;
- New Delhi post was instrumental in securing Indian Government approval of shipments of critical supplies including paracetamol for Australia;
- Washington and Chicago posts secured an alternate source for 1.15 million hand sanitiser bottle tops for an Australian firm;
- Taipei post helped an Australian firm source inputs and inner covers from Taiwan for domestic mask production.

Improving domestic capabilities, supply chain resilience and trade expansion

4.44. We are supporting the Minister for Trade, Tourism and Investment in considering strategies to facilitate trade expansion and to build resilience within our supply chains. Especially when it comes to goods of critical importance - medicines and PPE for example, it is clear that over-dependence on just a few suppliers carries risks. This is also true for our neighbours in the Indo-Pacific who face increased food insecurity as a result of supply chain disruptions.

4.45. Where supply chains for Australian imports and exports have broken down, barriers temporarily erected, or subsidies provided that distort markets, we are working with business on a market-by-market, sector-by-sector basis, to identify and resolve these.

- 4.46. Businesses will also need to reconsider their risk profile as part of renewed efforts to ensure supply chain resilience. While shifts in production may occur, the overall reliance on global supply chains will remain.
- 4.47. DFAT and Austrade will continue to support Australian businesses seeking to expand into new and alternate global markets. Austrade can provide Australian businesses with insights into international markets and can facilitate connections through its extensive global network. DFAT will continue to pursue economic strategies with international partners, as we have most recently with India, which can enable Australian businesses to access new opportunities and enter new markets.

Advocating for open markets and supply chains globally

- 4.48. Throughout the crisis Australia has, together with our international partners, called for any emergency measures affecting global supply chains to be targeted, temporary, proportionate, transparent, and consistent with WTO rules. On 30 March, Minister Birmingham joined other G20 trade ministers in calling for global supply chains to be supported, for markets to be kept open and for any emergency measures to be targeted, proportionate, transparent and temporary. On 5 May, Australia, together with 42 WTO member states, issued a joint statement on COVID-19 and the multilateral trading system which underscored the importance of well-functioning supply chains and the vital role of the WTO in monitoring COVID-19-related trade measures. Also on 5 May, APEC Ministers Responsible for Trade echoed the call for more resilient supply chains and open markets supported by strengthening the digital agenda.
- 4.49. On 17 June, Australia, as coordinator of the Cairns Group, launched the *COVID-19 Initiative: Protecting Global Food Security Through Open Trade* at the WTO. Agricultural support measures being introduced around the world in response to COVID-19, such as export restrictions and subsidies, have the potential to undermine global food security and destabilise markets. The Initiative mapped out a way to limit the impact of the pandemic on global food security and fair trade.
- 4.50. We are advocating for continued adherence to the principles of free and open trade, as part of the global rules-based order. This entails transparency and predictability, non-discrimination, and open, stable and competitive markets. This requires continued work with like-minded through mechanisms such as the WTO, APEC, and G20 to build consensus and deliver strong, consistent messages in favour of the rules-based order.
- 4.51. We have actively contributed to a range of initiatives in the G20, WTO and APEC. In the G20 Trade and Investment Working Group we worked to develop a trade and logistics action agenda to alleviate the impact of COVID-19. The WTO Ottawa Group has been developing proposals on trade in healthcare goods and similarly, work is underway in APEC to identify possible trade facilitation initiatives.

Opening new markets- Free Trade Agreements

- 4.52. We are likely to see increased interest in plurilateral negotiations or arrangements in specific sectors, either at the WTO or under the auspices of regional institutions such as APEC. Australia will continue to work constructively in such forums to support trade facilitation.
- 4.53. We will work with partners to identify and resolve new and existing barriers to trade and investment, especially in products of immediate interest to Australia. It is also important for Australia to continue pursuing an active agenda of negotiating, effectively implementing, reviewing and where possible upgrading, free trade agreements. Australia has 13 existing free trade agreements and is currently negotiating new agreements with the European Union, the United Kingdom, Regional Comprehensive Economic Partnership (RCEP) countries, India and the Pacific Alliance. We have agreed with ASEAN and New Zealand to commence upgrade negotiations of our regional agreement with ASEAN (AANZFTA) and have begun work on a review of our bilateral agreement with Japan.
- 4.54. Minister Birmingham participated in the virtual RCEP Inter-sessional Ministerial Meeting in late June, the first ministerial-level meeting since November 2019. Trade ministers committed to signing the agreement this year, acknowledging its importance for economic confidence and growth for COVID-19 recovery.
- 4.55. We will explore opportunities to finalise free trade agreements with countries that have weathered the COVID-19 crisis relatively well to date, particularly those in our region.

Supporting digital trade

- 4.56. Given COVID-19 has prompted an acceleration in the global pivot towards trading digitally, Australia will work with other countries to advance rules that provide an enabling environment for digital trade. We will also continue to pursue practical improvements to increase the efficiency of doing business, including working closely with international trading partners and groups such as the G20 and APEC to encourage the acceptance of electronic trade documents such as certificates of origin.

Supporting key service sectors - International education and tourism

- 4.57. The portfolio is supporting the Government's efforts to address the disruption to our international education sector caused by the pandemic. There is significant opportunity for the education sector if it is able to effectively adapt in a post-COVID environment. Demand for international education will remain strong. Australia could potentially benefit if students shift their study preferences to countries that have successfully managed the pandemic. We will engage with States, Territories and education providers, to prepare for the controlled return of international students to Australia, beginning with small pilot programs as agreed by National Cabinet, in a manner that is safe, guided by the Australian Health Protection Principal Committee, and supports the long term sustainability of the international education sector. We are working through our international network to keep key partners and students informed of developments in Australia's border and visa policies, and to address misperceptions about

Australia as a study destination, noting that we are one of the safest and most welcoming destinations for international students.

- 4.58. Tourism Australia (TA) is positioned to support a revival of the tourism sector. The agency's approach is closely aligned with key market research studies, which predict a domestic-led recovery, beginning first with local leisure trips. Then, as the state borders re-open, interstate travel.

Supporting tourism recovery

- Tourism Australia (TA) is working to ensure the tourism industry's recovery is as swift as possible.
- With the easing of domestic travel restrictions ahead of international restrictions, Australia's tourism recovery will undoubtedly be domestic-led.
- Domestic tourists contribute two thirds of the total value of our tourism economy (\$152.4 billion in 2019).
- Tourism Australia's consumer research shows that more than 60 per cent of Australians are eager to travel domestically once restrictions ease. This can help fill the vacuum of lost international business. More Australians travelling domestically has the potential to deliver billions of much needed revenue to the industry.
- The agency is focused on the millions of Australians who traditionally travel overseas for tourism, but who are unlikely to be willing or able to do so at this time.
- Australians took 5.6 million trips for holiday purposes last year, equivalent to \$43.2 billion. There is an opportunity to keep these valuable tourism dollars in Australia by showcasing domestic tourism destinations.
- Tourism Australia has rolled out its 'Live From Aus' campaign showcasing the country's tourism offerings for an Australian audience. The campaign uses TV advertising followed by a curated live program of virtual travel experiences, live streamed on TA's social channels which have an audience of more than 13 million across Australia and the world.
- Tourism Australia will continue to work closely with state and territory tourism organisations as Australia moves through the recovery process.
- As international travel restrictions ease, Tourism Australia will also seek to re-enter the international tourist market as soon as practicable.
- The foundations of the agency's international recovery plan rest on the reactivation of aviation capacity and global distribution, and in finding the most appropriate type of campaign activity in a post-coronavirus world. Aviation and visa settings will be critical.
- Tourism Australia will continue with its balanced portfolio approach, prioritising market resourcing for countries likely to be early candidates for tourism to Australia.
- These abovementioned initiatives are in addition to measures supporting Australian tourism delivered as part of the \$1 billion COVID-19 Relief and Recovery Fund.



5. POLICY AND PRACTICAL MEASURES SUPPORTING AUSTRALIA'S ECONOMIC AND STRATEGIC OBJECTIVES

SUMMARY

- COVID-19 has highlighted how the DFAT-managed global diplomatic network serves Australia, including the consular response, prosecution of core interests, delivery of aid, procurement of medical supplies and provision of information.
- The foreign affairs and trade portfolio has utilised bilateral, regional and multilateral networks and architecture to support Australia's health and economic response, and international interests.
- Virtual diplomacy has become a necessary feature of the international response and we expect there to be sustained usage post-COVID, though face-to-face meetings, negotiation and back channel discussion will remain fundamental to diplomatic tradecraft.
- DFAT has also contributed to the whole-of-government response through the mobilisation and re-deployment of staff to other government agencies and participation in inter-agency groups to address COVID-19 challenges and develop policy advice for Government.
- The foreign affairs and trade portfolio has engaged actively with Australian business and supported liaison with State and Territory governments.
- The portfolio has pursued a range of practical initiatives to support national resilience and Australia's key economic and strategic interests. Key initiatives are summarised in this chapter.

- 5.1. COVID-19 has highlighted the importance of the DFAT-managed global diplomatic network to Australia's interests. In challenging overseas operating environments and often with constrained resources, DFAT and portfolio agencies have responded nimbly to the myriad of challenges presented by the pandemic. We have successfully utilised our network to support core Government priorities and the largest single consular operation in living memory (see Chapter 6).
- 5.2. Our network has played a key role in providing development and humanitarian assistance to Australia's neighbours, including medical supplies to support the immediate health response. It has cleared numerous bottlenecks to supply chains and the movement of goods and sourced much needed medical supplies for Australia. Our overseas missions have provided timely assessments and advice on conditions, needs and the efficacy of responses of other countries, which has helped to inform Government policy and responses. It has fostered our strategic relationships and worked to develop emerging partnerships.
- 5.3. The crisis has underscored the nexus between foreign, security, development and trade policy-related activities and the importance of a cohesive whole-of-government approach in managing a crisis of this magnitude.

- 5.4. Our international engagement has encompassed existing bilateral, regional and multilateral networks and architecture, along with new ad hoc cross-regional groupings of like-minded nations. These ad hoc, mini-lateral groupings at the Ministerial and senior officials levels have allowed a cross-section of countries to discuss solutions to key challenges in real time (e.g. returns of nationals, keeping supply chains open, vaccine research/cooperation/distribution, and development cooperation). The flexible and practical nature of these groups has been of value, and we expect many of these to continue as countries grapple with economic recovery. These forums have also been useful to the Government's efforts to shape international responses consistent with Australia's national interests.
- 5.5. This pandemic has necessitated extensive use of virtual diplomatic engagement, including through the use of secure networks. While the fundamentals of diplomatic tradecraft remain largely the same, there has been general acceptance by governments of virtual communication as often the only viable option for real time communication during this crisis. For example, the Prime Minister participated in the Australia-Singapore virtual Leaders' Meeting on 23 March, a G20 Extraordinary virtual Leaders' Summit on COVID-19 on 26 March, and the Australia-India virtual Leaders' Summit on 4 June. The Minister for Foreign Affairs and Minister for Women participated in the first Female Foreign Ministers' Meeting on 16 April and the Minister for Trade, Tourism and Investment participated in virtual meetings on the Indonesia-Australia Comprehensive Economic Partnership on 4 May. Our staff have utilised this mode of diplomatic engagement effectively to prosecute Australia's interests and exchange information in a timely manner. Post-crisis, we anticipate sustained use of such means of communication between government officials, but not to the extent that this will become a viable substitute for face-to-face interaction, so important to building trust (for example, in complex negotiations).
- 5.6. COVID-19 has tested DFAT's ability to communicate with and serve Australians both overseas and at home. Our communications and in many cases consular services turned digital, with a significant effort by Heads of Mission and Posts to use social media to engage with and support Australians across our diplomatic network. For Australians remaining overseas, our missions continue to use social media to: maintain a sense of community, (e.g. online Anzac Day ceremonies); provide information on local restrictions and access to critical services (medical, financial and basic supplies); and ensure ongoing remote consular support. Australia's Embassies and High Commissions provide accurate news and trusted information about Australia's COVID-19 response and recovery - including promoting positive stories, and addressing dis/misinformation, paving the way for the eventual return of business, international students and tourists to Australia.
- 5.7. DFAT has also contributed to the whole-of-government response through the mobilisation and re-deployment of staff to other government agencies (see Chapter 6), as well as embedding other-agency representatives within DFAT, including within our Consular response team and COVID-19 Coordination Unit. Within Australia, foreign affairs and trade portfolio agencies have participated in numerous inter-agency groups to address COVID-19 challenges and develop policy advice for Government in a rapidly changing environment. The insights and information we have provided through our international network have made a material contribution to the policy response.

- 5.8. Foreign affairs and trade portfolio agencies are supporting Australian businesses to recover from COVID-19 disruptions. Since January, DFAT has met regularly with peak industry bodies and the portfolio has supported over 100 industry-specific consultations. Posts have assisted Australian businesses to overcome disruptions in overseas markets. This includes sourcing vital PPE and other essential inputs, and continuing exports to and production in, overseas markets. We also provide global market intelligence directly to business so they can navigate these fast-moving disruptions.
- 5.9. Our State and Territory Offices have played a key liaison role with State and Territory governments, particularly in relation to international-facing issues.
- 5.10. The foreign affairs and trade portfolio has been a strong supporter of a 'Team Australia' approach. From the portfolio perspective, the coordination mechanisms across Government have proven effective and resilient in management of this unique global crisis.
- 5.11. Throughout the crisis, DFAT has also been undertaking internal real time monitoring and evaluation of our response. We are now looking at lessons learned, thinking through directions and priorities and how best to catalyse and adapt our operations to better support Government.
- 5.12. Summarised below is a sampling of foreign affairs and trade portfolio activities covered in this submission. These activities are supporting national resilience through the targeted pursuit of our enduring strategic, economic and foreign policy objectives, as outlined in the Foreign Policy White Paper.

Promoting regional partnerships, recovery and resilience

- 5.13. Strengthening regional architecture: Australia is encouraging inclusive, effective responses to COVID-19 through regional architecture. We are engaging closely with regional institutions, particularly ASEAN, Asia Pacific Economic Cooperation (APEC), the Pacific Islands Forum and the Pacific Community, to ensure our efforts link with broader response and recovery efforts. Minister Payne met her ASEAN counterparts virtually during a Special ASEAN-Australia Foreign Ministers' Meeting on COVID-19 on 30 June to bolster ASEAN efforts to forge a collective regional agenda on the COVID-19 response and recovery. We are also working through the East Asia Summit (EAS) to demonstrate regional partners' commitment to work together to support regional stability and recovery, and support for key principles to guide the region's response.
- 5.14. Supporting the COVID-19 response in the Indo-Pacific: Australia's COVID-19 Development Response strategy *Partnerships for Recovery*, launched on 29 May, provides a whole-of-government framework for Australia's efforts to support regional partners to respond to the pandemic and its aftermath. Its implementation will be guided by whole-of-government COVID-19 country and regional response plans, which will be developed in close consultation with partners.
- 5.15. Alleviating economic stress in our region: Poverty is expected to increase significantly as a result of COVID-19. In parallel with various forms of bilateral assistance, we will continue to

engage with international financial institutions to ensure that countries in our region benefit from their financing packages.

- 5.16. Advancing gender equality: Women and girls have been disproportionately affected by COVID-19. We are working with our development partners in the Indo-Pacific region to deliver essential services addressing sexual and gender-based violence and to facilitate women's participation in the economy and as peacebuilders in their communities. In the Pacific, programs have adapted existing gender equality activities and sexual and reproductive health services to deliver targeted domestic violence support including counselling and emergency accommodation.
- 5.17. Supporting development and access to vaccines: The Indo-Pacific region will have improved access to vaccines through Australia's new pledge of \$300 million to Gavi, the Vaccine Alliance. We also pledged \$352 million towards the Coronavirus Global Response at the 4 May European Union pledging event (including \$337 million in COVID-19 research and development).

Promoting prosperity

- 5.18. Advocating for free and open trade: We have joined ad hoc groupings of like-minded governments and worked through existing institutions (such as the WTO, APEC and G20) to advocate for continuing adherence to the principles of free and open trade. We will also look to expand market access through new trade agreements, for example the Australia-UK free trade agreement negotiations launched on 17 June.
- 5.19. Supporting procurement and businesses: Portfolio agencies (Export Finance Australia, Austrade and Tourism Australia) have implemented various Government emergency assistance measures for businesses. These include a \$500 million COVID-19 Export Capital Facility; \$110 million International Freight Assistance Mechanism; and support to the tourism sector. DFAT and Austrade will continue to support Australian businesses seeking to expand into new and alternate global markets.
- 5.20. Supporting Australia's economic recovery: Easing border restrictions is important to our economic recovery. This will be a step-by-step process, underpinned by health advice. DFAT, Home Affairs and Health have started negotiations with New Zealand on a trans-Tasman COVID-safe travel zone.
- 5.21. Reviving tourism: Tourism Australia is ready to help revive the market as quickly as possible once international travel restrictions begin to be eased. We will focus on finding the most appropriate type of campaign activity in a post-coronavirus world, prioritising market resourcing for countries likely to be early candidates for tourism to Australia. Tourism Australia is showcasing our tourism offerings through TV advertising and a curated live program of virtual travel experiences on social media, with an audience of over 13 million across Australia and the world.
- 5.22. Returning international students: We are working with State and Territory Governments and institutions to prepare for the controlled, safe and staged return of international students.

Promoting international security

- 5.23. Improving cyber-resilience: Australia's Cyber Cooperation Program (\$34 million over 2016-2023) assists countries in the Indo-Pacific strengthen their cyber resilience, essential during these uncertain times where actors may seek to exploit existing vulnerabilities.
- 5.24. Addressing disinformation: in partnership with like-mindeds and through the UN system, we are working to counter disinformation related to COVID-19, including by providing accurate information and calling out disinformation that threatens Australia's interests and values.
- 5.25. Combatting people smuggling and human trafficking: instability caused by COVID-19 could see an increase in displacement, individuals seeking irregular migration pathways, and people vulnerable to being trafficked or held in conditions of modern slavery. DFAT is working with the region, through the development program and in the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime, on the challenges of COVID-19. We are also updating the International Strategy to Counter Human Trafficking and Modern Slavery to enhance our global coordination.
- 5.26. Countering terrorism and violent extremism: we continue to prioritise and invest in international cooperation to counter the threat of terrorism and violent extremism in our region, multilaterally and through our participation in groupings such as the Global Coalition Against Da'esh. Terrorist groups, such as Da'esh, have remained active and have sought to exploit the pandemic, including through online propaganda. Da'esh remains a serious threat.
- 5.27. Countering proliferation of weapons of mass destruction: we will continue to pursue global cooperation to disrupt and prevent proliferation of weapons of mass destruction, and remain focused on strict implementation of export and border controls for dual-use technology, precursors and equipment related to weapons of mass destruction.

Preserving international rules and norms

- 5.28. Supporting effective multilateral institutions: DFAT will continue to work to improve the effectiveness of multilateral institutions. Our successful advocacy for an independent, impartial and comprehensive review into COVID-19 is a good illustration of how we can collaborate with other countries to ensure robust multilateral institutions.
- 5.29. Protecting human rights: Australia is actively addressing the impacts of COVID-19 on human rights, through our engagement and advocacy bilaterally, regionally, and multilaterally, including through our membership of the UN Human Rights Council.
- 5.30. Responding to climate change: Climate change has been identified by our region as the single greatest threat to the livelihoods, security and wellbeing of Pacific peoples (2018 Boe Declaration on Regional Security). Through our technical assistance, we will support partners to build back better and align their responses to COVID-19 with global adaptation, resilience and emission reduction goals. Reprioritising the project pipeline for the Australian Infrastructure Financing Facility for the Pacific will deliver quality, climate-resilient infrastructure.

6. DFAT's CONSULAR RESPONSE AND OUR PEOPLE

SUMMARY

- The COVID-19 pandemic has reinforced the vital importance of DFAT's global diplomatic network to the protection of Australia's interests and the delivery of consular services.
- COVID-19 represents the largest and most complex consular challenge in our history.
- DFAT has supported the welfare of Australians stranded overseas as a result of the pandemic, and has assisted over 25,000 Australians return home.
- DFAT has kept Australians overseas informed through updates to travel advice, social media platforms and more traditional means of communication.
- We have assisted foreign governments in the repatriation of their nationals from Australia, thereby encouraging reciprocal cooperation in support of our consular efforts.
- DFAT has mobilised its workforce to ensure both continued consular services and support for core government priorities, including through redeployments to other APS agencies.

6.1. The COVID-19 pandemic has reinforced the vital importance of DFAT's global diplomatic network to Australia. Our overseas missions have proved agile and resilient. In the face of constrained resources and extensive physical lockdowns, our overseas staff, working with our central Canberra hub, have effectively prosecuted Australia's interests during this crisis, while simultaneously assisting thousands of Australians stranded overseas.

Meeting the consular challenge

6.2. COVID-19 represents the largest and most complex consular challenge in our history. It has resulted in severe disruptions to global travel, including a lack of commercial flights worldwide, at a time when significant numbers of Australians (some of whom were ill or in danger of becoming so) in every part of the world were seeking to return home. Harnessing DFAT's 24/7 consular capability and global reach, DFAT officers in Australia and across our diplomatic network quickly shifted focus to help bring home Australians stranded overseas. We have sustained this intensive consular effort over several months, as emphasised on multiple occasions by Minister Payne, including most recently on 9 May.³ This effort remains ongoing. Since 13 March, when the Government advised Australians to reconsider their need to travel overseas, over 345,000 Australians have returned home safely⁴; 25,000 of whom have been directly helped by DFAT to return home.

6.3. DFAT's consular response, led by Minister Payne, has been multi-faceted and underpinned by our network of Embassies, High Commissions, Consulates and Honorary Consuls, which have

³ Minister for Foreign Affairs' statement on Australians returning from overseas (9 May 2020)

⁴ Between 13 March 2020 and 22 June 2020 over 345,000 citizens and permanent residents have returned to Australia.

drawn on their deep understanding of local operating environments and strong diplomatic relationships to:

- assist the departure of over 700 Australians from Wuhan, China and Yokohama, Japan on public health grounds;
- directly support over 25,000 other Australians return home from across the globe;
- negotiate, including by the Minister Payne, humanitarian corridors and safe passage through which more than 6,500 Australian passengers were able to disembark from 51 cruise ships overseas;
- assist with over 290 flights from more than 90 countries to help Australians return home, including through the direct facilitation of 58 non-scheduled commercial flights;
- organise sweeper flights and ground transport options to transfer passengers to international airports (for example, in the Philippines) and to regional flight hubs (in South America and the Middle East);
- securing seats for Australians on:
 - flights to Australia organised by other governments to repatriate their nationals,
 - on cargo planes,
 - on medivac flights, and
 - on RAAF flights returning from delivering humanitarian supplies;
- help Australians overseas diagnosed with COVID-19, as well as thousands more in quarantine, subject to control measures overseas or whose travel had been disrupted
 - while continuing to advocate for the welfare of Australians in detention overseas given the heightened risk of COVID-19 in prisons;
 - in addition to our global consular caseload of more than 1,200 cases.

6.4. We continue to advocate for the welfare of Australians in detention overseas given the heightened risk of COVID-19 infection in prisons. On 24 March, Minister Payne issued a statement on this matter.

6.5. Keeping Australians overseas informed of developments in their location during the crisis has been central to our consular response. The crisis has shown that Australians overseas rely on real-time travel advice, particularly through social media, Smartraveller and our Emergency Call Unit. Across the diplomatic network, we, in the period after 21 January:

- received 250,000+ COVID-19 related phone calls, including 75,000+ COVID-19 related phone calls received by the Emergency Call Unit and Consular Emergency Centre;
- shared the latest COVID-19 information and advice to over 4 million followers on social media;
- used Smartraveller to update our 177 travel advisories over 1,800 times;
- published 37 consular bulletins or news articles;
- shared over 4,500 consular social media posts on Twitter and Facebook; and

- responded to over 12,500 emails to smartraveller@dfat.gov.au⁵.

Helping others' consular efforts

- 6.6. DFAT undertook intensive reverse consular work to enable the departure from Australia of thousands of foreign citizens. This involved liaison with foreign missions in Australia and with our overseas network, negotiation with federal and state authorities to enable movement of foreign nationals within Australia, and careful management of a series of compassionate cases. For example, we helped organise the repatriation of 15,000 foreign crew and thousands more passengers who were stuck on 23 cruise ships in Australian waters at the outbreak of the pandemic. Several foreign crew afflicted by COVID-19 sadly were unable to be saved despite the excellent care they received in Australian hospitals. But the overwhelming majority made their way safely home by special flights or commercial means supported by DFAT.
- 6.7. Working with whole-of-government partners on border closure exemptions, we also enabled thousands of international travellers to transit through Australian airports as the only viable pathway home from New Zealand and the Pacific. The high level of assistance we provided foreign nationals has paid dividends for us in terms of helping ensure international partner countries provide strong reciprocal support to our consular efforts and assistance to Australians stranded overseas.

Supporting Australians overseas

DFAT is helping Australians abroad to stay informed and prepared, and return home during the COVID-19 pandemic



25,000+

Australians we have directly assisted to safely return home



6,500+

Australians we have helped to safely disembark cruise ships



290+

Flights we have helped Australians access to return home



250,000+

COVID-19 related phone calls across our diplomatic network



12,500+

Emails sent responding to Australians overseas or loved ones seeking advice and support[^]



178

Countries where Australians are registered for assistance



2,243

Australian consular caseload specific to COVID-19



80%+

DFAT staff supported the Australian Government's COVID-19 response



4+ million

Followers across DFAT's global social media network receiving the latest COVID-19 information and advice

[^] from Smartraveller inbox / (Figures as of 22 June 2020)

⁵ Statistics current as at 22 June 2020.

Supporting DFAT staff welfare and enabling workforce redeployment

- 6.8. DFAT, as the lead agency managing the Australian Government's presence overseas, operates in 111 locations overseas, with an additional nine posts managed by our portfolio sister agency, Austrade. DFAT works closely with the 25 overseas partner agencies to ensure our approaches align in protecting their staff and families posted overseas.
- 6.9. From the outset of the pandemic, DFAT prioritised staff safety and welfare, and mobilised its workforce to ensure continued services for Australians and to deliver whole-of-government objectives. Staff were redeployed to areas of critical operational need, both in DFAT and to other APS agencies. At the height of the crisis, over 80 per cent of staff were supporting the COVID-19 response, including over 300 staff redeployed externally.
- 6.10. Extensive use of remote work arrangements and virtual communication channels have supported continuity of operations and the intensified diplomatic engagement required as a result of the pandemic.
- 6.11. Because of COVID-19, DFAT temporarily returned almost 300 DFAT staff and 800 dependants from 73 posts overseas to manage medical, welfare and safety risks, while over 70% of DFAT's overseas staff footprint continued to deliver essential services. Over 230 partner agency staff and 480 dependants also departed posts.
- 6.12. As conditions ease at some locations overseas, DFAT and partner agencies are returning staff and dependants to posts on a case-by-case basis, contingent on location conditions, safety of travel and individual circumstances.


Digital diplomacy – social media

- 6.13. The pandemic has necessitated scaled-up digital communications including for consular services. There has been a significant effort by our Heads of Mission and Posts to engage Australians overseas through social media. Through digital diplomacy, Australia's overseas missions are also providing timely and trusted information on the crisis, including on Australia's COVID-19 response and recovery. Digital platforms are being utilised to disseminate positive stories, address dis/misinformation and pave the way for the return of business, international students and tourists to Australia.

DFAT's digital diplomacy lift to respond to COVID-19

DFAT social media accounts



As at 5-12 June 2020

| |  |  |  | TOTAL | INCREASE FROM 2019 |
|-----------------|---|---|---|-------|--------------------|
| FOLLOWERS | 558K | 3.19M | 143K | 4M | ↑16% |
| NUMBER OF POSTS | 949 | 2.6K | 185 | 3.7K | ↑99% |
| VIEWS | 2.4M | 14.9M | 388K | 17M | ↑158% |
| ENGAGEMENT* | 839K | 711K | 11K | 839K | ↑163% |

*where a user likes, retweets, comments on or shares a posts

HOM/HOP Videos

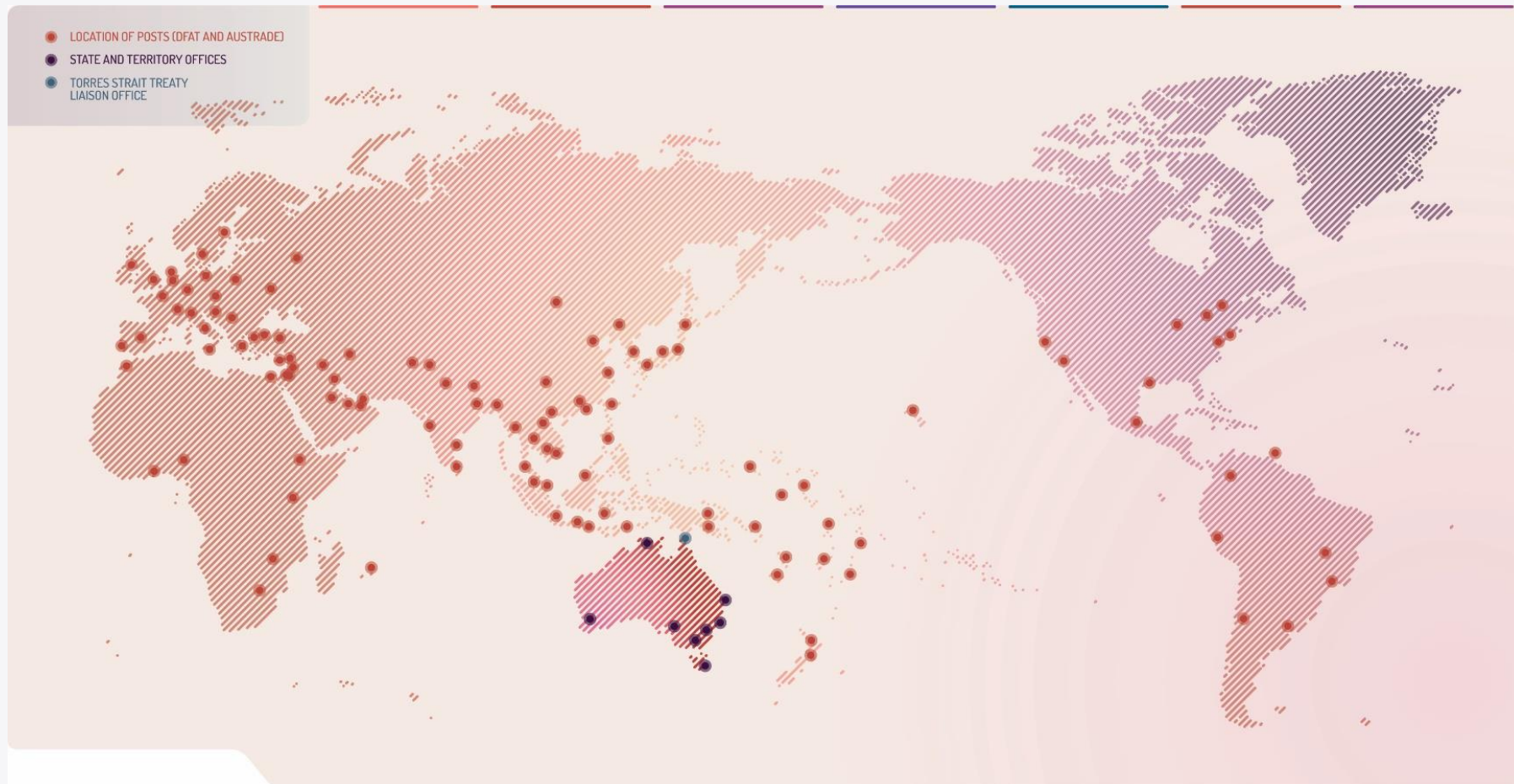
since 25 march 2020

| | VIDEOS POSTED | VIDEO VIEWS |
|--|---------------|-------------|
|  | 429 | 987K |
|  | 542 | 2.54M |
| TOTAL | 917 | 3.52M |

Campaigns to provide trusted information to Australian & international audiences

| | | | |
|-----------------------------------|------------|--------------------------|-------------|
| SMARTTRAVELLER (CONSULAR) SUPPORT | 1.5K POSTS | 1.6M ENGAGEMENT ACTIONS | 210M REACH |
| ANZAC DAY 2020 | 660 POSTS | 52.3K ENGAGEMENT ACTIONS | 1.07M REACH |
| INTERNATIONAL STUDENTS | 350 POSTS | 45K ENGAGEMENT ACTIONS | 1.16M REACH |

AUSTRALIA'S DIPLOMATIC NETWORK



Note that individual missions vary significantly in size—from less than five, to several hundred diplomatic staff (including locally engaged)

ANNEX 1: TERMS OF REFERENCE FOR THE INQUIRY

The Joint Standing Committee on Foreign Affairs, Defence and Trade will inquire into the strategic implications of COVID-19, having particular regard to:

- Implications for Australia's Foreign Affairs, Defence and Trade policy, particularly with respect to strategic alliances and regional security;
- Threats to the global rules based order that emerged due to actions by nation states during the pandemic, and how such threats can be mitigated in the event of future crises;
- The impact on human rights;
- Supply chain integrity / assurance to critical enablers of Australian security (such as health, economic and transport systems, and defence);
- What policy and practical measures would be required to form an ongoing effective national framework to ensure the resilience required to underpin Australia's economic and strategic objectives;
- Any related matters.