



Australian Foreign Affairs, Defence and Trade Committee
Department of the Australian Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

17 August 2017

Dear Committee Secretariat

Please find enclosed comments from the Australian Business Chamber of Commerce (Southern Africa) (ABCSA) to the Australian Senate Parliamentary Standing Committee on Foreign Affairs, Defence and Trade Inquiry into Australia's trade and investment relationships with the countries of Africa. ABCSA is pleased to see the priority being given to developing the Australia-Africa trade and investment relationship by the Australian Parliament, especially given the extensive opportunities that exist and the increasing business interaction that we are seeing between Australia and Africa.

We are very pleased to make the attached submission to the inquiry. ABCSA held a meeting on 4 August 2017 in Johannesburg to receive submissions and comments from ABCSA members, and a number of other interested parties who were present. ABCSA has summarised the comments and included recommendations in the enclosed submission.

By way of background, ABCSA is a non-profit member-based business chamber based in Johannesburg, South Africa with a goal of increasing and facilitating business and trade opportunities in Southern Africa for Australian and local companies with an Australian connection. ABCSA's membership is not limited to Australian and South African nationals but can incorporate any individual or organisation undertaking business in the Southern African region, which includes the countries of Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe. ABCSA was formed in 2014 and further details can be found on the ABCSA website at <http://www.abcsafrica.org>.

ABCSA is appreciative of the opportunity to provide the enclosed comments and would be pleased to assist further with any subsequent questions or queries.

Kind regards

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AUSTRALIAN SENATE INQUIRY INTO AUSTRALIA'S TRADE AND INVESTMENT RELATIONSHIPS WITH AFRICA

SUBMISSION FROM THE AUSTRALIAN BUSINESS CHAMBER OF COMMERCE FOR SOUTHERN AFRICA (ABCSA) – AUGUST 2017

In terms of the above inquiry, a meeting was held by ABCSA on the 4th of August 2017 to receive submissions and comments from ABCSA members and a number of other interested parties who were present. The following points were noted;

Barriers to trade and investment

Australian visas

- For South African business representatives travelling to Australia, there is a requirement for an annual visa application with associated costs. It was suggested that South African applicants are low risk, do not overstay and are not often refused visas, and that a multi-year visa would be more suitable for business applicants. Up to a five year visa was suggested. It was noted for example that Canada, the UK and the USA grant multi-year visas.
- Business applicants mentioned that they are prepared to pay more for a multi-year as the travel convenience is worth some additional cost.
- It was noted that visas to Australia take too long to be processed and that Australia is not competitive in this regard, and is likely to be missing out on business and investment opportunities. This is especially the case as business travelers cannot get visas in time to undertake business activities in Australia at short notice.
- It was noted that it was difficult to engage with Australian immigration officers on visa processing questions as there was not a customer service process to enable a simple discussion of visa issues, or progress of visa applications, on the phone.
- Student visas were also a concern. Australia wanted to promote itself for education purposes but the time delay in issuing visas did not support potential students in their planned studies in Australia. Students often needed to undertake interviews prior to the issuance of a scholarship, but the difficulty in obtaining visas was a hindrance.
- The above issues are in contrast with South Africa, where visas for Australians are issued upon arrival into South Africa.

Recommendations:

- Consider the introduction of a multi-year visa for applicants undertaking business travel to Australia.
- Improve processing of visa applications to reduce time delays and uncertainty, and enable greater customer service platforms for applicants.
- Investigate benchmarking Australia's visa requirements against competitor countries.

A lack of information on trade

- There appears to be a lack of information and education available of the Africa market for Australian companies and on Australia-Africa trade and investment more generally.
- There are a number of South African businesses operating in Australia, but not all have been successful, with many South African businesses thinking the operating environments are the same, but they are not. South African businesses need to be encouraged to undertake more research about the Australia business environment before commencing business operations.
- Australia is a very competitive market – there is a huge focus on China and Asia, including inward business from China and Asia. This may not be fully understood by companies in South Africa. It is suggested that South Africa companies need to be aware of the tough market conditions in Australia and undertake more research and market investigation prior to entering the Australian market.
- Both South African and Australian businesses look North - South Africa to Africa, and Australia to China. It's possible that this priority focus is preventing further development of the Australia-Africa relationship.
- It was acknowledged that there was a generic business perception of Africa in Australia as being backward, unsafe, conflict and poverty ridden and requiring humanitarian assistance. This perception had to change, as it was not the reality, and improved availability of research and information would assist.

Recommendations:

- Encourage greater research, analysis, information and education regarding the Africa-Australia trade and investment relationship. This could include collaborative engagement between the public and private sectors including academic institutions, think-tanks and business and industry chambers of commerce, in both Africa and Australia.

Government Policy

- The number one barrier to trade and investment into South Africa was regulatory uncertainty including regarding the recently proposed Mining Charter III. As a result of this, business mentioned that Australian investments are having difficulty obtaining funding to undertake investment in Africa.

Recommendations:

- Highlight the concerns of business in appropriate government-to-government discussions.

Opportunities to expand trade

Promotion and networking

- Improved networking opportunities between government and business for both Africa and Australia would help businesses better understand the risks and opportunities. More trade missions from South Africa to Australia would assist this understanding.
- It was suggested that there should be site visits to African countries and consultations with all African countries to assess opportunities for the Australian Government and Australian companies. Australia could better utilize and engage both African and Australian industry organisations to achieve this. Africa House (based in Johannesburg) and the Export Council of Australia were mentioned as being interested in promoting Africa-Australia trade and investment and have been promoted through ABCSA.
- Australia-Africa week and Africa Down Under (ADU) were very worthwhile events - and are now being expanded to a broader range of sectors including education, universities, science and technology. South African companies should make better use of these opportunities.
- It was mentioned that ADU is the highest quality Africa-focused mining event in the world and ABCSA members supported expansion to other related business sectors. Companies from outside the mining sector should look to participate, which would also assist to broaden the scope of ADU.

Recommendations:

- Encourage and consider participation in reciprocal trade missions and to investigate engagement with relevant industry organisations in Africa (e.g. Africa House) and Australia (e.g. Export Council of Australia).
- Encourage enhanced engagement between government and industry to promote Africa-Australian trade and investment. The Export Council of Australia is interested in undertaking an Africa study and trade mission to Africa which ABCSA would support.
- Encourage greater participation of the private sector from other related business sectors in Australia-Africa week and ADU, and other relevant conferences and seminars.

Business sector trends and growth areas

- Stakeholders understood Australia's focus on mining related activities in Africa but advised that Australia's trade and investment interests needed to be thought of more broadly, given the emerging and broader opportunities that exist in Africa. Water and sanitation, infrastructure, tourism, education and telecommunications were other industries where Australian expertise can be utilized and would be appreciated to assist Africa's economic development.
- Business process outsourcing is suggested as being a new market for Australian companies in the Africa market.
- In terms of mining and manufacturing, safety and health aspects are a growing market where Australian companies have expertise.
- Agribusiness, agriprocessing and food manufacturing are growing sectors in South Africa.

- Australia should better utilize the special economic zones that exist in South Africa. There are a number of zones in the country and there are special incentives and benefits for companies willing to invest into these zones.
- Energy – there is a growing utilization of South Africa (e.g. Richards Bay port for LNG) as an export hub for oil and gas (e.g. from Mozambique)
- Project financing - Australia is a significant source for early stage project financing.
- Housing – there is renewable and solar energy potential for South Africa housing. South Africa could learn from Australia where there are good public-private opportunities.
- Health sector and pharmaceuticals for Australian companies into Africa.

Recommendations:

- Encourage research and analysis to improve understanding of the benefits of utilization of Special Economic Zones in South Africa.
- Encourage research and analysis of sectors beyond the mining sector where broader future opportunities and growth exists.

Tourism

- Tourism into South Africa could be better promoted and there was a misunderstanding of the opportunities which existed in South Africa.
- Additional airlines and flights on the Perth-Johannesburg route would introduce more competition and would benefit the tourism market.
- An expansion of flights from Perth to other African destinations such as Cape Town was suggested and would be of interest to tourist and business travellers.

Recommendations:

- Encourage further research on the Africa-Australia tourism market and the air transportation regulatory environment.

The South African Diaspora in Australia

- The South Africa and Australia trade and investment relationship would benefit from enhanced utilisation of the South African diaspora in Australia. This is a significant untapped human resource with local experience and local networks, and extends beyond South Africa to other African countries.
- It was noted that BrandSA undertakes studies and research in Australia about the Australian market including interacting with South Africa businesses already operating in Australia to expand their knowledge base.
- Chambers of Commerce in Australia could leverage off the diaspora to encourage and improve trade and investment flows.
- ABCSA should promote itself to these Chambers in Australia and to the diaspora more generally.

Recommendations:

- Encourage increased participation of the South African diaspora in trade and investment activities, including building public-private links and discussions.
- Broaden the promotion of ABCSA to Australia.

Chamber networks and public-private dialogues

- In South Africa there is the opportunity for local chambers to work more closely together, especially between provincial and city chambers of commerce. This can produce an enhanced drive to achieve various trade related objectives.
- The Grow SA initiative – between big business and chambers of commerce with support from the South African Department of Trade and Industry (DTI), the Department of International Relations and Cooperation (DIRCO), and provincial governments operates as a public-private dialogue. It was suggested that this should be extended to a 'Grow South Africa-Australia' initiative.

Recommendations:

- Encourage government and private sector engagement with local Chambers of Commerce including at the provincial and city level.
- Investigate engagement on a public-private dialogue similar to the 'Grow South-Africa' initiative.

South Africa transformation

- Mechanization and technology are seen as two areas in which to improve business competitiveness in South Africa. It was suggested that South Africa would need to embrace mechanization and technology in order to remain competitive and stem the flow of further job losses. There is an opportunity for Australia to assist with this given that Australian industry is generally highly mechanized. It was suggested that although there was a possible impact on unemployment due to mechanization, new technologies would create employment in other fields that support these technologies.
- Australia could have a role in South Africa's transformation, including for SOE and private sector transformation, with many organizations currently dissecting their supply chains to provide opportunities to black-owned companies. There will be considerable market disruption but many potential opportunities. New industrial groups will emerge from the transformation and drive business opportunities.
- Australian Government and businesses needed to understand the 'African way of doing business' which is different to how they may operate in Australia. For example the Australian mining industry is capital intensive (Fly-in-fly-out and high salaries), whereas the African mining industry is labour intensive (lower wages, historical legacy issues). Many local communities rely on a mine's economic production model, and local communities must be able to benefit from economic activity. Most businesses who operate in this environment understand that this is the business model they need to adapt to operate in the market. However, new entrants to the market may not be

aware of this and need to be appropriately advised that opportunities exist but they may need to adapt their business model to local situations.

- Collaboration is needed with partner government organisations to share knowledge and skills which are conducive to opportunities for both countries. African organisations would like to leverage Australian expertise and skills to enable knowledge and innovation transfer e.g.: automation in mining; privatisation of SOE's.

Recommendations:

- Encourage research and B2B collaboration to better understand the business opportunities from mechanization and transformation.
- Undertake government-to-government discussions on the opportunities resulting from mechanization and transformation.
- Consider how to encourage engagement with African partner organisations to assist with knowledge transfer and business opportunities from Australia.

Role of Government

Business and Trade Seminars

- African Governments should provide free attendance at business conferences if they want to attract inward investment. This is considering that international delegates already need to pay travel and accommodation expenses to attend these events.

Recommendations:

- Consider raising the above concern with government and private sector organisers.

Promotion of opportunities

- Governments can assist business to better understand trade policy opportunities that result, for example, from Australia's extensive network of Free Trade Agreements (FTA) in Asia. African businesses may be better able to utilize Australia as a springboard to Asia using the Australian FTAs with Asia.
- Australian businesses may not be aware of the network of trade agreements which exist in Africa, such as the Southern African Customs Union (SACU), and agreements with the EU and other countries. Such agreements may enable trade and investment opportunities for Australian businesses.

Recommendations:

- Consider how to better promote Australia and its FTAs with Asia as a stepping-stone for African businesses especially from an inward investment and Australian export perspective.
- Consider how to promote Africa's trade policy and network of agreements for utilisation by Australian businesses.

Diplomacy

- More aggressive diplomacy is required to give business the certainty to operate in environments of regulatory uncertainty, but also business needs to work more closely with business and industry organisations, to present a collective view to assist government policy decision making.
- Encourage more enhanced dialogues between Governments, for example could Australia consider an Africa-Australia Leaders' Summit at Head of State level. Canada, China and India have previously done this in Africa.
- Business should look to provide input into government country to country consultations such as Senior Official Talks, Trade and Investment consultations, G20, IORA, APEC and WTO forums to promote trade and investment between Australia and Africa. Better promotion of how business can input into these government and diplomatic processes would be of benefit.
- Increased Australian Government presence in Africa would assist to enhance the trade and investment relationship between Africa and Australia. Stakeholders understand the resource constraints and budgetary pressures and it was suggested that more honorary consuls would be helpful in African countries where there is no Australian Government presence. (An honorary consul is a local person from the country hired by the Australian Government who could assist and facilitate with Australian related business interactions and diplomacy).

Recommendations:

- Undertake government-to-government discussions to raise the concerns of business regarding regulatory certainty.
 - Consider how to better engage with African governments at senior levels.
 - Consider how to better engage business in government-to-government consultations.
 - Consider how to better represent Australian business interests in countries where there is no Australian Government representation.
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