

Trade with North Africa: barriers and opportunities

Overview

- 5.1 Australia's political relations with the five North African countries under review are good. However, the low volume of trade between Australia and that region reflects various obstacles to commercial relations including the region's historical ties to Europe; distance; difficult transport and communication links; high tariffs and non-tariff barriers.¹
- 5.2 That said, some sectors of the Australian economy already have a firm foothold in North Africa and there are clear opportunities for growth in these and other areas. According to DFAT:
- Algeria and Libya represent significant opportunities for Australian oil and gas companies.
 - Egypt remains one of Australia's most important markets for wheat and is also an important market for other commodities from Australia including pulses, meat, live animals and, increasingly, high tech goods and services.

1 DAFF, *Submission No. 18*, pp. 1-2.

- Libya is a potentially significant market for Australian farm produce, services and manufactured goods.
 - Though Algeria, Morocco and Tunisia remain economically closely tied to the EU, opportunities for Australian exporters will emerge as these countries develop.
 - Australia's current education and training links with North Africa can be developed further.
 - There are also likely to be more opportunities for Australian investors in oil, meat processing, grain storage and milling as well as mining and minerals processing.²
- 5.3 Australia's approach to maximising these opportunities has a number of elements. Australia supports the process of macroeconomic and structural reform being undertaken by the countries of North Africa. Reforms that deliver improved public and corporate governance, and a shift to market-based economies, will open the region to trade and investment opportunities for Australia.³
- 5.4 Australia is also working to overcome the lack of familiarity on both sides – on the part of local importers and government authorities about what Australia has to offer, and on the part of Australian exporters as to the nature of North African markets. This is being achieved through high level ministerial visits, efforts by DFAT and Austrade to raise awareness on both continents and the work of the Council for Australian-Arab Relations in building people-to-people links. Australia participated in the Tripoli Fair with 14 companies in 2004. In 2005 there were fewer due to competition with a *Rebuild Iraq* Fair in Amman at the same time.⁴
- 5.5 The opening of an Australian Consulate-General in Tripoli in October 2005 furthered these efforts.⁵
- 5.6 This chapter explores the barriers to and opportunities for increased trade between Australia and North Africa and examines ways in which exporters, investors and the governments of Australia and North Africa can maximise these opportunities.

2 DFAT, *Submission No. 9*, pp. 7-8.

3 DFAT, *Submission No. 9*, p. 5.

4 See Austrade, *Submission No. 5*, p. 13.

5 DFAT, *Submission No. 9*, p. 8.

Impediments to trade

Competition from the EU and the US

- 5.7 The biggest impediment to greater trade and investment between Australia and the countries of North Africa is that region's geographical proximity to Europe and historical ties to both Europe and the US (the latter especially for Egypt and Morocco).⁶
- 5.8 According to the Australia Arab Chamber of Commerce and Industry the region's orientation to the EU rests not only on formal arrangements, but also is influenced by its geographical proximity, some common languages, and ease of travel.⁷
- 5.9 These links have been formalised in some cases, such as through the Barcelona Process (see Chapter 2, *The emerging economies of North Africa*) and the free trade agreement signed between Morocco and the US in 2002. Egypt is also trying to negotiate an FTA with the US.⁸
- 5.10 There is concern that the US is also using its aid program to secure market access, "through for example implied conditions for Egypt to give preferences to purchases of US commodities," and also "a little bit of food aid... very soft credit" in Algeria.⁹
- 5.11 Australia faces competition from traditional competitors as well as from low cost producers in particular sectors. For example, North Africa imports reasonable quantities of frozen beef but it imports these from low cost producers such as South America, China and occasionally India.¹⁰
- 5.12 The region imports wheat from the EU, the US and, increasingly, from non-traditional exporters of the product such as Russia.¹¹ Dairy products are mainly supplied to the region by the EU, reflecting the impact of preferential trading agreements:

6 Dr M O'Flynn, Acting Executive Manager, International Division, DAFF, *Evidence*, 2/8/05, p. 2.

7 Mr M Kavanagh, CEO, AACCI, *Evidence*, 2/8/05, p. 16.

8 DFAT, *Submission No. 9*, p. 7.

9 DAFF, *Submission No. 18*, p 10; Mr P Goode, Manager, International Policy, Dairy Australia, *Evidence*, 4/11/05, p. 3.

10 Meat and Livestock Australia, *Submission No. 11*, p. 2.

11 DAFF, *Submission No. 18*, pp. 3-4.

We had regular customers we were supplying who were now saying: "We can get it cheaper from Europe."¹²

5.13 It is difficult to import cheese or butter from Australia because of competition with Europe. Similarly:

the EU exports a milk powder to Egypt which faces a zero tariff, where Australian exports are subject to a 20 per cent tariff.¹³

Tariff barriers

5.14 The North African countries impose high tariffs on imports, particularly agricultural products. These range from 22% for Egypt to 70% for Tunisia,¹⁴ with milk and cream products attracting a 200% tariff in the latter.¹⁵

5.15 Table 5.1 summarises the range of tariffs applicable to Australian meat exports into North Africa. It also indicates another dimension to the tariff issue, which is the wide range of imposts applicable within broad categories.

Table 5.1 North Africa: Meat tariffs

	Algeria	Egypt	Libya	Morocco	Tunisia
Live animals	5%-30%	5%	na	2.5%-218.5%	76%-180%
Beef , Sheep Goat meat	30%	5%	5%	34%-289%	75%-100%
Offal products	30%	10%-40%	na	34%-239%	43%-100%

Source Meat and Livestock Australia, Submission No 11, p.5, and Appendix C

5.16 The variability of tariffs is also evident in Table 5.2 which also shows that, although the Egyptian Government has reduced tariffs across the board, the average rate is still above 20%.

12 Mr P Goode, Manager, International Policy, Dairy Australia, *Evidence*, 4/11/05, p. 8.

13 Dr M O'Flynn, Acting Executive Manager, International Division, Department of Agriculture, Fisheries and Forestry, *Evidence*, 2/8/05, p. 4

14 DAFF, *Submission No 18*, pp. 10 & 12.

15 DAFF, *Submission No 18*, p. 12.

Table 5.2 Egypt: Summary of Most Favoured Nation Tariffs, 2005

ITEM	No. of lines	No. of lines used	Simple av. Tariff (%)	Tariff range (%)
Live animals & animal products	97	97	18.4	5-32
Dairy products	36	36	11.5	2-32
Coffee and tea, cocoa, sugar, etc.	146	146	35.4	2-3,000
Cut flowers and plants	34	34	4.0	2-32
Fruit and vegetables	158	158	15.9	2-40
Grains	16	16	3.3	2-5
Oil seeds, fats, oils & products	99	99	6.4	0-32
Beverages and spirits	38	38	1,028.8	12-3,000
Tobacco	12	1	22.0	22
Other agricultural products	133	133	4.1	0-32
Total Agriculture	769	758	66.4	0-3,000
TOTAL	5,687	5,676	20.0	0-3,000

Source: WTO Secretariat estimates cited by DAFF, Submission No 18, p. 25.

Recommendation 1

- 5.17 **The committee recommends that the Australian Government should seek to improve access for Australian exports through negotiating lower tariffs on a bilateral basis, particularly in agribusiness.**

Non-tariff barriers

Technical barriers

- 5.18 The committee received a number of submissions which dealt with non-tariff barriers to trade with North Africa. Technical barriers such as testing and certification requirements for agricultural products, and opaque and changeable import requirements, are particular concerns. In its submission DAFF notes that:

Most of the trade impediments handled by DAFF in support of Australia's food and agricultural exports relate to importing country certification requirements and in many instances, the lack of transparency of these requirements.¹⁶

5.19 In Egypt, for example, according to Meat and Livestock Australia:

Mandatory standards for a number of quality characteristics go beyond regulations imposed for health or safety reasons.

These include:

- Beef primal cuts must have a maximum 7% fat content;
- Manufacturing beef can only include brisket and thin flank primal cuts, with a maximum 20% fat content;
- Lamb must only be in carcass form with a shelf life of 6 months for frozen product; and
- Lamb carcasses must have less than 7% fat content.¹⁷

5.20 Shelf life requirements also restrict Australian exports to Algeria. According to the Australian Dairy Industry Council, such technical barriers to trade favour imports from the EU. For example:

Algeria arbitrarily sets the shelf life for dairy products and requires that product must have 80% of its shelf life remaining at the date of importation. [This] makes it very difficult for exporters from Australia to meet the requirement given the long shipping times.¹⁸

5.21 Certification requirements and product testing are also barriers for Australian agricultural exports. The Australian Dairy Industry Council submission notes that 'Algeria does not accept Australia's electronic health documentation system (EXDOC) operated by AQIS', which places extra costs on exporters. The Dairy Council points out that another 'costly and time consuming' issue in Algeria is that it 'only accepts NATA Certificates of Analysis for dairy products', where other countries 'accept certificates from the manufacturers' laboratory.'¹⁹

5.22 The Australian company Fayman International has been involved in direct and indirect trade with Algeria in recent years. Its submission

16 DAFF, *Submission No. 18*, p. 9.

17 Meat and Livestock Australia, *Submission No. 11*, p. 5.

18 Australian Dairy industry Council, *Submission No. 10*, p. 3.

19 Australian Dairy industry Council, *Submission No. 10*, p. 3. NATA (National Association of Testing Authorities), is Australia's Government-endorsed provider of accreditation for laboratories and similar testing facilities. <http://www.nata.asn.au/>

detailed technical difficulties it has experienced in trade with Algeria, such as:

- Labelling requirements: exporters must label each carton with details of the importer and product description and expiration. If the importer fails to take delivery of a shipment the Algerian authorities will not allow another importer to import the same goods with the original importer's label. The exporter is forced to export to another country. Fayman International recommends the port mark system, which provides the ability to track the cargo within Algeria.
- Product testing: Algerian tests for coli-forms and bacterial count and radiation take 10 days, with the costs of demurrage and storage born by the importer. Algerian authorities do not appear to understand or trust Australia's AQIS system. Adding to this mistrust, unscrupulous European traders have forged Australian documents and exported non-Australian meat to Algeria and some Australian exporters ship inferior product to that ordered.²⁰

5.23 The same difficulties are experienced by exporters to other North African countries. DAFF's submission states that Egypt imposes 'rigid and burdensome... testing procedures' and does not apply 'internationally accepted science-based standards'.²¹ Dairy shipments may not be cleared because the Egyptian authorities:

Have carried out microbiological testing and they have certain results – and we have other results. We end up in dispute... However, on the positive side Egyptian authorities now promise they will restructure their testing departments. They are aware of the problem and they believe this may help with all the issues.²²

5.24 In addition, across the region, import regulations and administrative procedures are often changed and enforced without notice. These are often more trade-restrictive than necessary and costly to Australian exporters.²³

5.25 For example, the Australian Dairy Industry Council points to examples of the 'fickle' nature of Libya's import administration:

20 Fayman International, *Submission No. 13*, pp. 1-2.

21 DAFF, *Submission No. 18*, p. 10.

22 Ms S Zeman, Manager, Processed Food Policy Section, Technical Standards Branch, Australian Quarantine and Inspection Service, DAFF, *Evidence*, 2/8/05, p. 6.

23 Meat and Livestock Australia, *Submission No. 11*, p. 6.

- Libya sometimes requires that a proportion of the selling prices (typically 10%) is held back by the Government until the buyer indicates full satisfaction with the sale... this requirement is not always enforced.
- Libya sometimes applies different testing requirements (for bacteria etc.) and different health specifications for product from different countries.
- Sometimes Libya does not release used shipping containers which requires exporters to reimburse shipping companies for the loss.²⁴

Recommendation 2

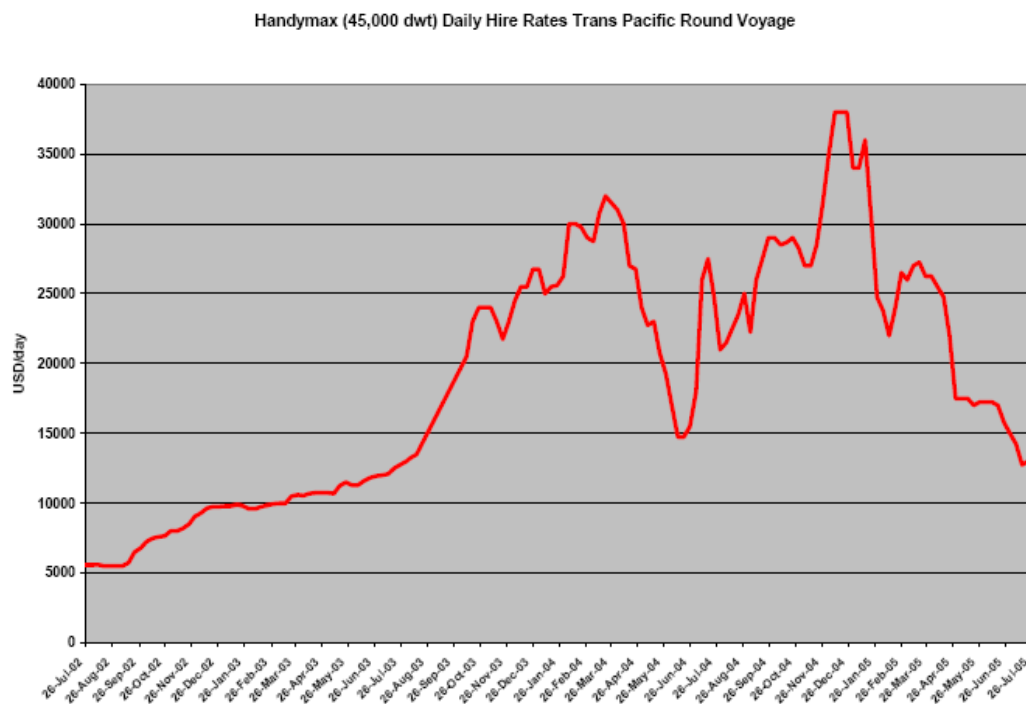
- 5.26 **The committee recommends that the Australian Government initiate or continue ministerial discussions with North African trading partners to address technical access issues, particularly harmonising customs and standards requirements.**

Freight costs

- 5.27 The committee heard evidence that freight costs are making Australia increasingly uncompetitive in the North African region (see Figure 5.1). They are also affecting North African exports to Australia, as rising costs force Australian importers to seek suppliers closer to home.²⁵

24 Australian Dairy Industry Council, *Submission No. 10*, pp. 3-4.

25 AACCI, *Submission No. 4*, p. 4.

Figure 5.1 Costs per day for charter of a dry bulk carrier (US\$)²⁶

5.28 According to the Australia Arab Chamber of Commerce and Industry, the costs of chartering bulk carriers and containers have risen in recent years, affecting shipping rates around the world. The reasons are:

- enormous demand for shipping by China;
- ageing of the world's fleets;
- long turnaround for new vessels to be built; and
- seasonal factors that drive demand, such as the North Atlantic wheat trade.²⁷

A 'spot market'

5.29 There are other uncertainties of trading with North Africa. Fayman International stated that one of the biggest challenges it faced in the Algerian market was the inconsistency in trade. The company provided the example of its mutton and lamb shipments in the last two years. Between June and August 2004 Fayman International

²⁶ AACCI, *Submission No. 4*, p. 4.

²⁷ AACCI, *Submission No. 4*, p. 4.

shipped about 1000 mt to Algeria, to provide for Ramadan. In the same period in 2005 the company expected to export 25% of that volume. But as Fayman explained:

We have not lost any customers, in fact we have gained customers. It is just the nature of the market. It really is a stop 'n start market, that takes a great deal of energy to manage and maintain.²⁸

5.30 The Australia Arab Chamber of Commerce & Industry assessed that, in the future, Algeria, Tunisia and Libya will remain spot buyers of wheat depending on the competitiveness of other suppliers such as Canada and Russia.²⁹

5.31 DAFF also considers North Africa to be a 'spot market' which:

will remain a minor market, but it is an area in which we have to be open to any opportunities that may arise. It is an important niche market from time to time for particular commodities... Opportunities can arise for us out of changes in the competitive position of other countries that might result from changes in government policy or simply changes in supply and demand.³⁰

Difficulty obtaining visas

5.32 The committee heard that one of the reasons for the lack of North African trade with and investment in Australia is the difficulty of obtaining visas. The Australia Arab Chamber of Commerce and Industry stated that:

The difficulty North African nationals face in obtaining business and tourist visas to Australia is a constant source of annoyance to them and detrimental to their efforts to engage in trade with Australia. Whilst it is recognised that security plays an important part in issuing visas, the fact other countries, such as New Zealand, the UK and the US, can do it a lot faster than Australia is not lost on our potential trading partners.³¹

28 Fayman International, *Submission No. 13*, p. 1.

29 AACCI, *Submission No. 4*.

30 DAFF, *Evidence*, 2/8/05, p. 5.

31 AACCI, *Submission No. 4*, p. 5.

- 5.33 Dr Andrew Vincent, from Macquarie University's Centre for Middle East and North Africa Studies, pointed out that visa difficulties had interrupted an exchange program between his and an English-speaking Moroccan university. The Moroccan side cancelled the program because, while Macquarie students had no difficulty obtaining visas to study in Morocco, the reverse was not the case.³²
- 5.34 Dr Vincent explained that:
- The major obstacle is the classification of all student applicants from countries of North Africa as Category Four by the Department of Immigration, Multicultural and Indigenous Affairs (DIMIA). This classification makes it all but impossible for students to meet the stringent requirements required to obtain a visa. Students from Libya for example, who are fully funded by the Libyan government, are routinely turned away.³³
- 5.35 The committee was advised during its visit to Libya that one of the most difficult aspects of encouraging educational opportunities for Australia is the current visa requirements. Australian visas take approximately one month and all visa applications must go via Cairo. By contrast, as a result of an agreement signed with the British Government all visas for Britain are issued within two days.
- 5.36 In evidence given to the committee, DIMIA explained that the main reason for refusing visas is that the applicants are not 'bona fide visitors'. That is, 'on the assessment of the application the person does not intend a genuine visit to Australia' and are assessed as likely to overstay. Fraud in the applicant's documentation is the other main reason for refusing applications.³⁴
- 5.37 According to DIMIA, visitor non-return rates are higher than the global average for Egypt, Morocco and Tunisia. Non-return rates from Libya and Algeria equate to the global average. These rates have generally decreased in recent years, though DIMIA points out that 'the small numbers of arrivals tend to skew rates disproportionately.' (See Appendix D)³⁵
- 5.38 As a result of these non-return rates, students from some North African countries, particularly Morocco, are required to meet 'higher

32 Centre for Middle East and North Africa Studies, *Submission No. 2*, p. 1.

33 Centre for Middle East and North Africa Studies, *Submission No. 2*, p. 1.

34 DIMIA, *Evidence*, 1/8/ 05, p. 24.

35 DIMIA, *Submission No. 17*, p. 6.

levels of evidentiary requirements' than students from lower-risk countries.³⁶

- 5.39 However, the committee agrees with the Centre for Middle East and North Africa Studies, which points out in its submission:

Some years ago a similar policy applied to the countries of South America, where all applicants were seen as category Four, had to apply through the post in Santiago. Grudgingly DIMIA was persuaded to ease the categories and permit visa issue at different posts. South America is now a thriving market for Australian student recruitment.³⁷

- 5.40 Regarding the time it takes to issue visas, DIMIA explained they are trialling electronic visa lodgement in attempt to speed up the process:

We are currently trialling electronic lodgement for student visas out of several high-risk countries. Once we have evaluated that, we will certainly look at what our expansion strategies would be to allow for internet based lodgement of student visas from other parts of the world as well.³⁸

- 5.41 The committee appreciates the security challenges facing DIMIA in assessing and awarding visas. However it seems that faster processing times are possible, certainly if the performances of countries such as New Zealand and the US are considered.

- 5.42 Visas for applicants from Morocco and Algeria have been issued by DIMIA in Paris, and visas for Libyan applicants issued in Cairo, as was the case for applicants from Tunisia.

- 5.43 For Tunisians the arrangements were considered inconvenient:

If you are coming to Australia you do not go to Cairo and from Cairo to here. You go through Europe.³⁹

- 5.44 The Libyan Foreign Minister made it clear to the committee during its visit that Libyan students would not be encouraged to study in Australia until visas are issued in Tripoli. This could undoubtedly be assisted by DIMIA teams visiting the North African cities at the time of applications to Australian universities. Commercially important visas could be handled by the Trade Posts in conjunction with DIMIA.
-

36 DIMIA, *Evidence*, 1/8/05, p. 27.

37 Centre for Middle East and North Africa Studies, *Submission No. 2*, p. 2.

38 DIMIA, *Evidence*, 1/8/05, p. 26. See Appendix E for visa processing times at the Australian Embassy in Cairo.

39 Mr A Amari, Consul General, Consulate of Tunisia, *Evidence*, 4/11/05, p. 36.

- 5.45 A formal signing of an MOU on visas to Australia and visas for Australians working in North Africa would assist considerably the trade relationship. Britain has done this with Libya in regard to visa processing. That MOU requires visas to Britain to be processed within seven days, but the average is two days. The result has been that 3,000 Libyan students are now studying in Britain and British trade exports to Libya have been rising rapidly.

Recommendation 3

- 5.46 **The committee recommends that there should be closer focus given to expediting visa processing requirements for North African countries and that DIMIA:**
- **review its visa processing arrangements for North Africa as a priority, and**
 - **consider reviewing the assessment processes for North Africa students sponsored by their governments.**

Unfamiliarity

- 5.47 Another non-tariff barrier to trade with North Africa is the lack of familiarity on both sides. In its submission Philip Eliason and Associates points out that:

At present Australia's understanding about North Africa is patchy. While there are some exporters who have in-depth knowledge and contacts this is not common. Nor are there North African communities of substantial size in Australia which provide an indigenous source of information about and contacts in their home countries.⁴⁰

- 5.48 Austrade also gave evidence that this unfamiliarity is a major barrier to expanding trade and investment. Australian companies have very little awareness and knowledge of North African markets, and vice versa:

If you say to Australian companies, 'consider North Africa', they really have no idea what they are looking at, where they

40 Philip Eliason and Associates, *Submission No. 7*.

are looking at and who they are looking at, except for a small, select number of companies...

But it is in the reverse as well. The awareness and perceptions of Australia in the North African region are very limited and minimal.⁴¹

- 5.49 In evidence to the committee, and during discussions in North Africa, the benefits of an increasing Australia's presence in the region were often emphasised.⁴² BHP Billiton advised the committee that the absence of diplomatic representation in Algeria:

On a number of occasions... prompted senior Algerian government representatives meeting with BHP Billiton to question Australia's commitment to its relationship with Algeria.⁴³

- 5.50 The Algerian Embassy reiterated this view in its submission to the committee.⁴⁴
- 5.51 The committee notes that, from January 2006 there was an Australian Consul-General/Senior Trade Commissioner, plus three locally engaged staff based in Tripoli, covering Libya, Algeria, Morocco, Mauritania and Tunisia. Cairo is responsible for Egypt and the Horn of Africa.⁴⁵
- 5.52 The committee noted that DFAT considered the opening of the Consulate-General in Tripoli, as "the first step towards establishing an Embassy".⁴⁶
- 5.53 The committee considers that this move should be expedited to give Australia a more prominent position, emphasising its intention to
-

41 DFAT, *Submission No. 9*, p. 28; Mr P Linford, Consul General and Senior Trade Commissioner, Dubai, Australian Trade Commission, *Evidence*, 1/8/05, p. 32.

42 AACCI, *Submission No. 4*; Austrade, *Submission No. 5*, p. 23; Philip Eliason and Associates, *Submission No. 7*; Woodside Energy Ltd, *Submission No. 12*, pp. 13-14; BHP Billiton, *Submission No. 14*, p. 3; DAFF, *Submission No. 18*, pp. 7, 12, 16, 18; Mr P Goode, Manager, International Policy, Dairy Australia, *Evidence*, 4/11/05, p. 6; Mr D Jones, Manager, Market Support Services, Meat and Livestock Australia Ltd, *Evidence*, 4/11/05, p. 8; Mr B Abudher, Charge D'Affaires, Libyan People's Bureau, *Evidence*, 4/11/05, pp. 28-29; Dr M O'Flynn, Acting Executive Manager, International Division, DAFF, *Evidence*, 2/8/05, pp. 2, 5; Mr M Kavanagh, CEO, AACCI, *Evidence*, 2/9/05, pp. 16-17.

43 BHP Billiton, *Submission No. 14*, p. 3

44 Embassy of the People's Democratic Republic of Algeria, *Submission No. 1*, p. 10.

45 Mr P Linford, Consul General and Senior Trade Commissioner, Dubai, Australian Trade Commission, *Evidence*, 1/8/05, pp. 32, 38.

46 DFAT, *Submission No. 9*, p. 24.

increase its engagement with North Africa and facilitating Australian access.

- 5.54 It is no longer appropriate for control of Austrade in North Africa to emanate from Europe. Rather, North Africa and the Middle East should be a separate autonomous division.
- 5.55 The rapid growth and opportunities in North Africa require re-examination of staffing in the area.

Recommendation 4

5.56 The committee recommends that Austrade reconsider its organisational and representational arrangements for North Africa

- 5.57 The committee did not agree with the claim of some that the Mahgreb countries would be better serviced out of Paris because of the French language capabilities of those countries.
- 5.58 Additionally, the committee was concerned that, because of work commitments, the Australian Embassy in Paris had paid insufficient attention to developing relations with Algeria, Morocco and Tunisia.
- 5.59 For the immediate future the Consulate-General in Tripoli could service all the North African Arabic-speaking countries.
- 5.60 Of these countries, the committee considered that Algeria and Morocco were more advanced towards establishing free-market economies, and also offered opportunities for Australian investment in the mineral exploration sector in the near future.
- 5.61 The committee therefore considered that, in the longer term, Australian interaction with these and the other francophone Mahgreb countries⁴⁷ could be enhanced by the establishment of a Consulate-General in Algiers.

47 Algeria, Morocco, Tunisia and Mauritania

Recommendation 5

- 5.62 **The committee recommends that high priority be given to the establishment of a Trade Commissioner and Consul-General in Algiers.**

Uncertainty

- 5.63 One factor which may inhibit direct personal contact with the region is the uncertainty about the security situation there. Table 5.3 summarises the DFAT Travel Advisories in effect during the committee's visit to North Africa in November 2005.

Table 5.3 North Africa: DFAT Travel Advisories as at November 2005

		Be alert to own security	Exercise caution... ⁴⁸	High degree of caution	Reconsider your need to travel ⁴⁹	Do not travel
Algeria	Overall			■		
	Outside major centres				■	
	Sahara desert, Kabylia etc					■
Egypt	Overall			■		
Libya	Overall		■			
	Border areas				■	
Morocco	Overall			■		
	Western Sahara					■
Tunisia	Overall		■			
	Bordering Algeria				■	

Source DFAT: Country Advisories, <http://www.smartraveller.gov.au/zw-cgi/view/Advice/>

48 "and monitor developments that might affect your safety."

49 *Reconsider your need to travel*, reflect the fact that DFAT consider there is a high level of risk in the country, perhaps a very high threat of terrorist attack or a volatile and unpredictable security situation. "If... you do decide to travel to that destination, we will advise you to exercise extreme caution."

http://www.smartraveller.gov.au/advice_meaning.html

- 5.64 However, the committee noted that the advice to “exercise caution” in Tunisia and Libya is the same advice as for three of Australia’s major trading partners - Malaysia, Singapore and the UK.⁵⁰ “High degree of caution” applies to Thailand, another major trading partner, as well as to Algeria, Egypt and Morocco.⁵¹
- 5.65 DFAT commented that the Travel Advisories for North Africa are, generally, not vastly different from the travel advice for the Gulf.⁵²

The committee’s view

- 5.66 The evidence presented to the committee was unanimous in the view that North Africa is a limited market for Australian exporters and investors. However, the evidence also makes clear that there are opportunities for expanded activity in certain sectors and for activity in new areas. The next section explores these opportunities and the ways in which the Australian government can help to maximise them.

Opportunities by sector

- 5.67 Austrade and DFAT have identified a number of sectors which offer particular opportunities for Australian exporters and investors. While identification of these sectors does not preclude opportunities elsewhere, they represent the Australian Government’s assessment of areas that offer the best prospects (see Table 5.4).
- 5.68 Agribusiness is and will remain the key sector for Australian exports to the region. Egypt, one of Australia’s largest wheat markets, will also likely remain a large importer of Australian pulses. The other countries in the region, possibly with the exception of Libya, will probably remain ‘spot markets’ for Australian farm produce mainly in the event of local or world shortages.⁵³
- 5.69 Trade in services is so far limited but Australian skills and expertise in certain areas are already of interest to some North African countries.

50 Australia’s top 10 two-way trading partners are: Japan, USA, China, NZ, UK, Republic of Korea, Singapore, Germany, Malaysia, and Thailand. DFAT, *Trade Topics*, September Quarter 2005, p. 41.

51 DFAT: *Country Advisories*, <http://www.smartraveller.gov.au/zw/cgi/view/Advice/>

52 Mr P Foley, Assistant Secretary, Middle East and Africa Branch, DFAT, *Evidence*, 1/8/05, p. 51.

53 DFAT, *Submission No. 9*, p. 25.

Further promotional work should see this interest grow and lead to an increase in service export earnings to the region.⁵⁴

5.70 Investment opportunities also exist, particularly in mining and infrastructure.

Table 5.4 North Africa: Focus industry sectors for Australian business⁵⁵

Industry	Industry sectors	Market
Agribusiness	Food and beverage Live animals Bulk commodities	Egypt, Libya Morocco, Algeria Tunisia
Education & Training	Joint collaborations with institutions English language tuition Specialist technical/vocational courses e.g. training in tourism, travel and hospitality e-learning	Egypt Libya
Healthcare and Medical	Medical and pharmaceutical	Egypt Libya
ICT	Telephone communications technology – both land and mobile IT solutions/consultancy in electronic banking and security	Egypt Libya
Infrastructure	<p>Building & Construction</p> <ul style="list-style-type: none"> - Construction equipment, building materials, windows, doors, bathroom furnishings - Tourism sector - hotel fitout <p>Oil, gas and petrochemicals</p> <ul style="list-style-type: none"> - Technology transfer, - Equipment e.g. process plants, piping, Instrumentation, electrical equipment, air conditioning communication, cathodic protection <p>Transportation</p> <p>Air transportation, railway technology, road construction and technology, port and cargo handling</p>	<p>Libya Egypt</p> <p>Libya</p> <p>Libya</p>
Tourism	Hotel fitout, equipment, food and beverage, training in hospitality sector	Egypt, Morocco, Libya, Tunisia

54 DFAT, *Submission No. 9*, p. 25.

55 DFAT, *Submission No. 9*, p. 25.

Agribusiness

- 5.71 Agricultural export opportunities are greatest in Egypt and Libya, especially once government-to-government relations are on a stronger footing with the latter. These countries, as well as Tunisia, are likely to remain net food importing countries, which offers potential for growth for Australian exports.⁵⁶
- 5.72 Large irrigation projects in Egypt and Libya will see the expansion of arable land in those countries. Austrade expects that this will bring ‘opportunities for Australian exporters for agricultural technology, farm management, horticulture and quality produce.’⁵⁷
- 5.73 Such projects could also help generate demand for Australian expertise in arid-region farming. According to DFAT,
- Project and farm management and the application of modern technology to farming, animal husbandry and water management are all skills that will be in increasing demand as the region expands its efforts to develop its agriculture sectors.⁵⁸
- 5.74 There is potential for an increase in Australian wheat imports to the region. Egypt will continue to be a significant importer of Australian high quality wheat, and given that the combined wheat imports of Algeria, Libya, Morocco and Tunisia are almost as large as Egypt’s, these could represent new or expanded markets for Australian wheat.
- 5.75 However, Australian attempts to enter those markets face competition from the EU and the US, due partly to their domestic production subsidies and historical links with North Africa.⁵⁹

Algeria

- 5.76 While in Rabat, the committee learnt that Algeria would welcome Australian assistance in infrastructure development for aquaculture.

56 DAFF, *Submission No. 18*, p. 12.

57 Austrade, *Submission No. 5*, p. 17.

58 DFAT, *Submission No. 9*, p. 27.

59 DAFF, *Submission No. 18*, p. 13.

Egypt

- 5.77 In Egypt, in particular, a growing population with higher incomes and increasingly developed purchasing habits offers opportunities for food manufacturers, especially in the food processing industry.⁶⁰
- 5.78 The Egyptian Government is working towards an agreement with Australia for cooperation on In the area of potential future cooperation on fisheries, to be followed by examination of prospects in the fields of:
- livestock;
 - agriculture in arid areas; and
 - water resources and water resource conservation methods.⁶¹

Libya

- 5.79 Following briefings in Tripoli, the committee considered that there are opportunities for working Government-to-Government on the export of food products as much of the food processing is controlled by the National Supply Company (NASCo) and its preference is to deal with suppliers rather than distributors.
- 5.80 The committee learnt during its visit that Libya's agriculture market could also include corn, oil seeds, and rice.
- 5.81 New market opportunities in Libya should benefit meat exporters. DFAT notes in its submission that there is demand in Libya for camel meat and breeding camels, and the Libyan Charge D'Affaires identified Australian livestock, lamb and meat as import interests.⁶² Both the Charge D'Affaires, and Dairy Australia mentioned Libya's potential as a dairy product market,⁶³ identified to the committee as products such as evaporated milk and cheese. Opportunities might also emerge in Algeria if tariff reductions occur as a result of that country's accession to the World Trade Organisation (WTO).⁶⁴

60 Austrade, *Submission No. 5*, p. 16.

61 HE M Tawfik, Ambassador for Egypt, *Evidence*, 1/8/0/5, pp. 13-14.

62 DFAT, *Submission No 9*, p 26. Mr B Abudher, Charge D'Affaires, Libyan People's Bureau, *Evidence*, 4/11/05, p.26.

63 Mr B Abudher, Charge D'Affaires, Libyan People's Bureau, *Evidence*, 4/11/05, p. 26; Mr P Goode, Manager, International Policy, Dairy Australia, *Evidence*, 4/11/05, p. 8.

64 DAFF, *Submission No. 18*, p. 14.

- 5.82 In discussions with the Agriculture Ministry and the Foreign Ministry in Libya there was much expectation that Australia can assist with dry land farming and conversion of arid conditions into arable land.⁶⁵ Agricultural equipment for dry land farming was mentioned.
- 5.83 Local officials recall Australia's involvement in agriculture in Libya in the late 1960s. In particular they are looking for assistance with desertification, anti-salination programs and animal production.
- 5.84 However, according to DFAT:
- To date there is no sign that Libya is ready to implement a comprehensive plan for reform of its agriculture sector. Australian companies with interests in this sector may need to be patient.⁶⁶

Morocco

- 5.85 In Morocco the committee was told that seafood was an area of potential interest and discussions were being held in late 2005 between Australian suppliers and Moroccan seafood importers. The Moroccans are looking to import fish, process and freeze it for sale to the EU.
- 5.86 The committee asked DAFF for its assessment of the relative potential offered by the North African countries for Australian agriculture exports. DAFF responded that:
- in general terms, our assessment would be to rank the five in this order: Egypt, Libya, Algeria, Tunisia and Morocco. Wheat is already a major element of our dealings with Egypt, and we would expect wheat, livestock and meat also to be major markets for us with Libya.⁶⁷
- 5.87 Austrade noted that, for fresh fruit and vegetables,
- When it is on in the northern hemisphere it is not on in the southern hemisphere and vice versa. So when we are sending truly fresh produce, we are not actually competing with the northern hemisphere.⁶⁸

65 The committee was advised that the average farm size in Libya is less than five hectares.

66 DFAT, *Submission No. 9*, p. 13.

67 DAFF, *Evidence*, 2/8/05, p. 6.

68 Mr P Linford, Consul General and Senior Trade Commissioner, Dubai, Austrade *Evidence*, 1/8/05, p. 43.

Tunisia

5.88 Mr Amari, the Tunisian Consul General, indicated to the committee that the similarities between Tunisia and southern Australia offered a lot of opportunities for agricultural research cooperation.⁶⁹

Education and training

- 5.89 Austrade has identified Egypt and Libya as countries for which Australian education and training could be attractive.
- 5.90 Promotional work in these countries has already had some success; with steady if small increases in student numbers attending Australian institutions (see Table 5.5). Similar work in the other North African countries could lead to increases in education export earnings.⁷⁰

Table 5.5 North Africa: Students attending Australian education and training institutions

	May 2002	May 2003	May 2004	May 2005
Algeria	7	7	11	5
Egypt	119	124	146	187
Libya	48	54	71	65
Morocco	14	13	16	17
Tunisia	4	6	6	8
TOTAL	192	204	250	282

Source DFAT, *Submission No. 9*, p. 26. Figures include ELICOS (English Australia colleges), Tertiary, School and Vocational Education and Training

5.91 In evidence before the committee Dr Andrew Vincent of Macquarie University's Centre for Middle East and North African Studies argued that there are solid financial reasons why Australian education providers should turn their attention to North Africa. Australia's export earnings from Chinese and Southeast Asian students is dwindling, 'largely because [these] countries are building their own universities and they are trying to educate their own people.'

69 Mr A Amari, Consul General, Consulate of Tunisia, *Evidence*, 4/11/05, p. 32.

70 DFAT, *Submission No. 9*, p. 26.

Meanwhile, Australian universities 'are desperate for full-fee paying students.' North Africa, Dr Vincent concludes,

Is a potentially very lucrative area of student recruitment indeed because, in this period of globalisation, everybody wants to learn English; they want to have an English language education...

But I think, particularly since September 11 and with the very much more stringent visa and social conditions in the United States since then, more and more potential students are either not wanting to go to the United States or not able to go to the United States. This presents Australia with a golden opportunity to strike while the iron is hot, if you like, and to build its reputation in these areas by providing what is a very good service for overseas students.⁷¹

Algeria

5.92 In its submission the Algerian Embassy proposed an MOU in the field of education.⁷²

Egypt

5.93 Offshore courses of branches of courses are of interest to Egyptian schools and universities. About 25,000 Egyptian students currently study in the UK, Canada, the US and Europe.⁷³ Tourism development Egypt, and in Libya, will provide opportunities for training in associated industry skills.

Libya

5.94 Libya has a large scholarship program for its nationals. As noted above, the Libyan Foreign Minister made it clear that any development in sending students to Australia would depend on opening a visa office in Tripoli. The National Oil Corporation sends about 2,000 staff overseas for training each year⁷⁴ and the number of

71 Centre for Middle East and North Africa Studies, *Evidence*, 1/8/05, p. 54.

72 Embassy of the Peoples Democratic Republic of Algeria, *Submission No. 1*, p. 11.

73 Austrade, *Submission No. 5*, p. 18.

74 Austrade, *Submission No. 5*, p 18.

Libyan students studying in the UK is now 5,000, funded both by the Libyan government and also by private means.⁷⁵

- 5.95 The Libyan Education Ministry indicated to the committee that it would like to establish a special relationship with Australian universities including an interchange with professors and students to study at research centres. The courses in which they would be interested are mainly medicine, engineering and sciences. The Education Minister saw the basic steps for cooperation to be:
- simplification of visa arrangements and the establishment of an MOU;
 - Government approval to send Libyans on scholarships –
 - they would also look to assistance from the Australian government
 - encouragement to those who are paying for themselves; and
 - establishing acceptance of academic qualifications.

Morocco

- 5.96 The committee noted that, as yet, there were few students from Morocco studying in Australia.

Tunisia

- 5.97 Speaking to the committee, the Tunisian Consul General noted that large numbers of Tunisian graduates undertake their postgraduate studies overseas, and that this opportunity was currently being explored in Australia.⁷⁶

Health and medical

- 5.98 Libya and Egypt offer some of the best opportunities for Australian companies in this sector, although DFAT advised that improvement of the health systems was high among the Tunisian Government's social policy priorities.⁷⁷

75 Mr P Linford, Consul General and Senior Trade Commissioner, Dubai, Austrade, *Evidence*, 1/8/05, p. 33.

76 Mr A Amari, Consul General, Consulate of Tunisia, *Evidence*, 4/11/05, p. 32.

77 DFAT, *Submission No. 9*, p. 18.

Egypt

- 5.99 Egypt can provide a gateway to Libya, because local medical and healthcare distributors have strong networks in surrounding markets. Though EU products dominate the Egyptian market, sources offering price and quality are welcomed. Egypt's interest in developing medical tourism⁷⁸ should also present opportunities, according to Austrade.⁷⁹

Libya

- 5.100 In Libya there is demand for laboratory equipment and technology, optical and ophthalmology, equipment for hospitals and health resorts, medicines, medical insurance, information technology in healthcare, rescue and emergency equipment and beauty and healthcare products.⁸⁰

Information and communication technologies (ICT)

- 5.101 Privatisation of telecommunications networks and banking sector reforms are occurring throughout the region, though at varying paces. Improvements in telecommunications infrastructure are planned, including land and mobile, broadband networks, satellite communications, cable technologies, IT and software, banking equipment and technologies and security systems.⁸¹
- 5.102 DFAT believes that the ongoing reform these economies will assist Australian exporters find niche markets for both high tech goods and services. Opportunities may also exist for the export of information technology systems and software to fill demand created by restructuring and modernisation of financial and banking sectors, industrial modernisation, and the improvement of health and education services.⁸²

78 This term refers to the trend for people from all around the world to travel to other countries to obtain medical, dental, and surgical care while at the same time touring and vacationing.

79 Austrade, *Submission No. 5*, p. 19.

80 Austrade, *Submission No. 5*, p. 19. This opportunity was confirmed to the committee during its visit.

81 Austrade, *Submission No. 5*, p. 19.

82 DFAT, *Submission No. 9*, p. 27.

Algeria

- 5.103 Algeria is committed privatising telecommunications and bringing investors into fixed-line and mobile phone operation systems.⁸³

Egypt

- 5.104 The Egyptian telecommunications infrastructure has undergone extensive modernisation recently. Most of the 6.3 million lines installed were digital and there is also an extensive fibre-optic transmission network connecting cities and districts.⁸⁴

Libya

- 5.105 The Central Bank of Libya recently launched the sale of some shares in a number of its banks. Once international banks have permission to operate in Libya this will open the banking sector to competition from international banks.⁸⁵

Tunisia

- 5.106 Tunisia has a 15-year plan to improve its domestic telecommunications system, by installing 450, 000 new lines, connect 800,000 new subscribers and to expand the GSM network.⁸⁶

Infrastructure

- 5.107 Infrastructure investment is occurring across the region, driven by growth in the tourism sector and the need to improve transport links for economic development. However opportunities for Australian exporters and investors lie largely in Libya and Egypt.

Construction

Algeria

- 5.108 During its visit, the committee was advised that Algeria is planning \$65 billion over the next five years for major infrastructure projects, including roads, ports, airports, railways, electricity, water and

83 Austrade, *Submission No. 5*, p. 6.

84 Austrade, *Submission No. 5*, p 19.

85 Austrade, *Submission No .5*, p. 19.

86 Austrade, *Submission No. 5*, p. 20.

housing. They plan to build more than 1,200 km of roads, one million new homes/apartments, and 33 desalination plants.⁸⁷

- 5.109 Algeria, the committee was told, would welcome Australian assistance in infrastructure development for mining and energy and desalination plants.

Egypt

- 5.110 In Egypt, the committee was briefed on the private port of Sokhna on the Red Sea south of the Suez Canal which has 9,000 hectares for development.⁸⁸ It is being developed by the Amiral Group which is keen to attract Australian investment in the port precinct. In particular they hope to develop:

- a magnesium smelter
- livestock holding and distribution yards
- an abattoir for distribution of meat to Europe (where no tariff and no quotas are placed on Egypt-produced meat)
- a sugar refinery
- a bio-diesel plant
- an ammonium production facility; and
- a wool scouring plant.

- 5.111 In 2005 they handled 300,000 containers amounting to 4 million tonnes. Container handling rates are comparable to those in Europe. The company is providing significant opportunities for Australian companies wishing to take opportunities for low labour costs but at a location close to Europe.

- 5.112 Australian companies are currently exploring market opportunities. An Australian firm has formed a partnership with Egyptian interests to establish a manganese plant and BHP Billiton is exploring the possibility of establishing an aluminium smelter in Egypt using cheap power sources.⁸⁹ The cost of the project, if built, would be worth some \$2.5 billion and employ some 9,000 workers.

87 Embassy of the People's Democratic Republic of Algeria, *Submission No. 1*, p. 8.

88 Sokhna Port, <http://www.spdc.com/home.php?go=masterplan/masterplan.php>

89 They are also evaluating Algeria for the same project.

Libya

5.113 Libya is looking for foreign supply of construction equipment for its Great Man Made River Water Supply project, which will draw fresh water from aquifers beneath the Sahara and convey it along a network of underground pipes. Other areas for Australian suppliers of infrastructure and related services include air transportation, rail and railway technology, road construction and technology, material handling equipment, port and cargo handling equipment and technology training and skills development.⁹⁰

5.114 Austrade told the committee that Libya proposes:

To spend \$US40 billion developing their infrastructure across roads, schools, hospitals and airports. We are already seeing Australian companies doing very well in the Middle East in those areas and we can see that opportunity also in North Africa.⁹¹

Morocco

5.115 The committee was briefed during its visit to Morocco on major plans for infrastructure development over the next five years, including:

- significant expansion plans for Tangiers developing into a major duty-free port;
- a network of high-speed TEU trains connecting Tangiers, Rabat, Marakesh, Fez and Agadir;
- 1,200 km of freeway including completion of the route from Casablanca to Marakesh;
- water desalination plants, power generation and general infrastructure programs;
- extensive private housing schemes to build 100,000 new homes a year; and
- building of further education institutions.

5.116 There was also, the committee was advised in Rabat, some interest by the Moroccan tollway operators in participating with Australian operators and this is being pursued with Macquarie Bank in Paris.

⁹⁰ Austrade, *Submission No. 5*, p. 21.

⁹¹ Mr P Linford, Consul General and Senior Trade Commissioner, Dubai, Austrade, *Evidence*, 1/8/05, p. 38.

Since 2000, the Moroccans have built an average of 100km of freeway each year, but by 2010 will have 15,000 km of freeway with plans to spend \$US3.5 billion

Tunisia

5.117 Tunisia has received aid and loans to update its infrastructure, and there has been considerable local and foreign investment in new hotels and resorts.⁹²

Oil and gas

Algeria

5.118 In Algiers Sonatrach, the Algerian Government-owned hydrocarbon company briefed the committee on its intention to:

- explore Algeria's hydrocarbon reserves;
- increase production to 2 billion barrels a day by 2010;
- expand oil and gas export capacity;
- maximise the value of Sonatrach production; and
- to refine 50% of all production.

5.119 They currently have six petrochemical projects. The value over the next five years projects-is \$24 billion, with 75% being upstream projects.

5.120 Algeria's oil wealth, boosted by high oil prices, means it does not need investment to finance its development projects. In evidence before the committee, Algeria's Ambassador to Australia, HE Kamerzermane Belramoul, noted that:

In the past we needed the finance, and we asked each country to finance this or that. Now, we do not need this. It is the opposite. We can use this money for infrastructure, development and boosting of the economy.⁹³

5.121 However, the committee concluded, oil and gas exploration in Algeria are of importance to Australian companies.

92 Austrade, *Submission No. 5*, pp. 21- 22.

93 Mr Kamerzermane Belramoul, *Evidence*, 1 August 2005, p. 8.

Egypt

- 5.122 Egypt is emerging as a major North African exporter of natural gas.⁹⁴ Opportunities in Egypt in this sector exist in oil and gas technology transfer, equipment sales (such as piping, instrumentation, air conditioning, communication) and specialised consulting services.⁹⁵

Libya

- 5.123 Libya is in need of expertise and infrastructure for well drilling, geophysical and seismic testing, construction, heavy duty machinery and modern engineering technology. The committee noted that for Australian oil exploration companies there is a very positive outlook. There was a potential demand for drilling and seismic equipment. World GDP growth and, in particular, the growth of the Chinese economy will ensure continuing and increased demand for oil and gas.

- 5.124 According to Woodside Energy, the Libyan government estimates that doubling of Libya's oil production by 2010 will require investments totalling around US\$30 billion. Libya possesses more than 3% of the world's total oil reserves and:

Undiscovered potential for Libya is estimated at 35 billion barrels of oil. It is also likely to possess significant... quantities of natural gas...

Libya's oil sector enjoys a number of advantages over other countries, in addition to its huge proven reserves, production costs in Libya are among the lowest in the world. Also, Libya produces high quality, low sulphur 'sweet' crude oil. And its proximity to the markets of Western Europe gives it a strong advantage over Middle East exporters.⁹⁶

- 5.125 Woodside currently has the third largest operated acreage position in Libya, with both onshore and offshore acreage. To date there have been no finds, but if oil is found they would be in Libya 20+ years. They will be spending \$500 million in investment. If successful, they expect to spend several billion dollars (Australian).

94 Woodside Energy Ltd, *Submission No. 12*, p. 9.

95 Austrade, *Submission No. 5*, p. 22.

96 Woodside Energy Ltd, *Submission No. 12*, pp. 8-9.

Tunisia

- 5.126 While Tunisia was considered to offer potential for exploration work, the committee was advised that, for larger Australian firms, the relatively diffuse and small scale of operations was a disincentive.⁹⁷
- 5.127 The expenditure plans announced for the next five years on major infrastructure programs, and the expected upsurge in demand for consumer products with the liberalisation of the economy, represent real opportunities for Australia.

Tourism

- 5.128 The tourism sector in the five North African countries is growing⁹⁸ and offers opportunities for Australian suppliers of boutique food, hotel equipment, construction of hotels and other accommodation and upgrading associated infrastructure.
- 5.129 According to Austrade:

When you see places like Tripoli you will see that it has a beautiful coastline and is in very close proximity to Europe. Most of the tourists to the Middle East are coming out of Europe. It is closer to go to North Africa and it is cheaper but they do not have the hotels and the infrastructure.⁹⁹

97 Dr A Kantsler, Director, Exploration and New Ventures, Woodside Energy Ltd, *Evidence*, 4/11/05, pp. 45-46.

98 North Africa tourist numbers increased by 25% between 2000 and 2004. *Overview international Tourism 2004*, http://www.world-tourism.org/facts/eng/pdf/highlights/2005_eng_low.pdf

99 Mr P Linford, Consul General and Senior Trade Commissioner, Dubai, Austrade, *Evidence*, 1/8/05, p. 38.

Table 5.6 North Africa: Tourism

Country	Million tourist /year
Algeria	1.1
Egypt	8.8
Libya	0.4
Morocco	5.5
Tunisia	6.0

Source Submissions from: Austrade, No 3, p. 5; DFAT, No 9, p. 15; Mr A Amari, Consul General, Consulate of Tunisia Evidence 4/11/05, p. 31; . Mediterranean news in brief: More tourists visiting Algeria <http://www.1stmediterranean.com/actuuk/archivesuk/resultat.php?id=379>; Libya, Link2exports, <http://www.link2exports.co.uk/regions.asp?lsid=1968&pid=1232>

Algeria

5.130 During its visit, the committee was told that Algeria would welcome Australian assistance in infrastructure development for tourism

Egypt

5.131 Austrade considers that, as with all of North Africa, tourism numbers into Egypt can increase.¹⁰⁰ In DFAT's eyes:

Companies that have developed systems for the protection of coral reefs in tourist areas may find opportunities in Egypt's south Sinai coast and Red Sea resort areas.¹⁰¹

Libya

5.132 The Libyan Government in particular is looking to foreign investors to develop infrastructure for tourism projects.¹⁰² The committee learnt when in Libya that there is an interest in development of tourism in cooperation with international companies and the government would look favourably on BOOT projects. UAE investors and developers have plans for the development of Tripoli City which is a \$3.5 billion project for shopping, residences and offices.

100 Mr P Linford, Consul General and Senior Trade Commissioner, Dubai, Austrade, Evidence, 1/8/05, p. 38.

101 DFAT, Submission No. 9, p. 27.

102 Austrade, Submission No. 5, p. 21.

5.133 Tourism training would represent real opportunities for Australian companies. Sanctions adversely affected the tourism opportunities in Libya. The Department of Tourism has developed a five-year plan and developed sites for tourism development. They observed the way in which Tunis developed their tourist sector and wish to follow their example.

Morocco

5.134 Morocco also has extensive plans for tourism. It currently receives 5.5 million international tourists each year, mainly from Europe. While visiting, the committee was told that Morocco plans to increase the number to 10 million by the year 2010 by two main means: the development of major tourist resort centres on the Atlantic near Agadir and on the Mediterranean near Tangiers. This will involve:

- development of infrastructure provided for the sites;
- expressions of interest would be called from the private sector for the construction of hotels. It is envisaged that an additional 230,000 beds will be provided;
- the provision of a high speed rail network between major cities, particularly Marakesh and Agadir and Casablanca;
- the development of feasibility studies for a tunnel crossing between Tangiers and Spain;
- the provision of networks of freeways between the tourist centres; and
- emphasis on training in tourism to prepare for the expected increased tourist numbers.

Tunisia

5.135 Tunisia has already developed significant export earning capacity from the tourism sector and further development is planned.¹⁰³

5.136 Austrade is currently focusing on this sector in Tunisia in the expectation that niche opportunities may emerge from increasing mass market tourism in the region.¹⁰⁴

103 DFAT, *Submission No. 9*, p. 27.

104 Philip Eliason and Associates, *Submission No. 7*; DFAT, *Submission No. 9*, p. 27.

Outlook

Algeria

- 5.137 Oil and gas will continue to dominate in terms of opportunities for Australian companies but opportunities also exist for mining and drilling equipment, meat supplies, agricultural and dry land farming equipment and education with increasing numbers of Algerians studying abroad.

Egypt

- 5.138 The situation for selling into the Egyptian market is more favourable than it has been for five years. DAFF is pursuing a trade and economic framework MOU with Egypt.¹⁰⁵
- 5.139 Opportunities exist for Australia in terms of live sheep, frozen meat, and students coming to Australia.

Libya

- 5.140 Australian investment in Libya in the short to medium term will primarily be focused in the oil and gas sector. Investment in other sectors will be dependent on improvements in the overall foreign investment climate in Libya as well as improvement in the laws and facilities.¹⁰⁶
- 5.141 Libya, with the highest GDP per capita in Africa has much potential. For Australian oil exploration companies there is a very positive outlook.
- 5.142 The tourism sector is a high priority as this is one of the sectors that can be developed to diversify the economy and reduce its dependence on oil.¹⁰⁷
- 5.143 Other sectors will require considerable work but opportunities exist as economic reform and the opening of Libya to the international community continues.

105 Dr M O'Flynn, Acting Executive Manager, International Division, DAFF, *Evidence*, 2/8/05, p. 5.

106 Austrade, *Submission No. 5*, p. 8.

107 Austrade, *Submission No. 5*, p. 8.

- 5.144 However, there will be difficulties and the opening of the Trade office in Tripoli will do much to assist export effort and the development of the Australia-Libya relationship. In this context, Libya would like to see a Trade Show with Australian products, particularly meat products and equipment designed for the agricultural, oil drilling and manufacturing sectors.

Morocco

- 5.145 Australian trade has to contend with the disadvantages of distance from the market and the pro-Europe orientation of Morocco. The Moroccan government, however, views its position as a platform from which otherwise protected markets might be accessed.

Tunisia

- 5.146 There may be opportunities here as the demand for tourism and its related infrastructure increases.

Conclusion

- 5.147 Compared with the Arab Gulf States, reviewed by the committee in January 2005, North Africa is a more populous, but less prosperous region, but opportunities do exist there for Australian exporters and investors across a broad range of sectors.

Senator Alan Ferguson
Chair
March 2006.

