



Submission No 11

Australia's trade with Mexico and the Region

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Tasmania

PREMIER

Hon Warren Snowdon MP
Deputy Chair
Trade Sub Committee
Parliament House
CANBERRA ACT 2600

Dear Mr Snowdon

Thank you for your letter of 16 October 2006, inviting a submission on the Inquiry into Australia's Trade with Mexico and the Region. I provide the following information in response to the terms of reference of the Inquiry.

The nature of Australia's existing trade and investment relations

In the year 2005-06 total Tasmanian merchandise exports to Mexico were \$9.5 million (Australian Bureau of Statistics, 2006). Of this total \$9.1 million are listed as Combined Confidential Items (Australian Harmonised Export Commodity Classifications No. 99999999). The remaining \$0.4 million appears to be frozen lamb, timber products and communication equipment for use in the mining sector.

A total of nine Tasmanian companies report export activity with Mexico. There are no recorded merchandise exports from Tasmania to the other regional countries. Tasmanian companies report the following major challenges when exporting to Mexico:

- non-payment is an issue and experienced traders are often used to counter this;
- competitors in North America are difficult to compete against due to the North America Free Trade Agreement (NAFTA), which provides North America with an advantage of 10 per cent on duty.

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Likely future trends

Austrade has indicated that opportunities currently exist for Australian supply to Mexico in the areas of meat, dairy, mining and telecommunications. Tasmania has strengths in niche areas of these sectors, which could result in future activity for the State.

The role of government

The Tasmanian Department of Economic Development provides the following assistance to exporters:

- work with the off-shore posts of Austrade to research markets and identify likely investors or buyers;
- provide some funding assistance to aid exporters to find new export markets for their products (Export Marketing Assistance Scheme);
- provide skills development opportunities;
- facilitate inbound buyer meetings; and
- facilitate and assist bringing Tasmanian exports to market through trade missions/shows.

While companies are assisted by the Tasmanian Government through a case-by-case approach, there is no specific assistance provided that is aimed at the Mexican market.

The Tasmanian Government supports, in principle, maximising any trade and investment opportunities with Mexico and the other countries in the region. Thank you for the opportunity to comment.

Yours sincerely



Paul Lennon
Premier