

## Improving Australia's Trade and Investment Relations with the Countries of Asia, the Americas and the Pacific.

- 1.1 The Trade Sub-Committee commenced this inquiry in July 2008. It quickly became apparent that there were too many countries and too wide a disparity in development levels, to adequately cover all of them at once. Consequently, the Sub-Committee decided to divide the inquiry into two parts - the first to cover the APEC economies and the second to include the remaining countries.
- 1.2 Economic conditions facing all of these countries (and also Australia) have undergone a drastic change since the commencement of the inquiry. When it began, Australia's economy was very strong and a number of our trading partners, notably China, were growing very rapidly.
- 1.3 The onset of the financial crisis has changed the picture dramatically. Trade levels are slackening, investment is shrinking and the future growth of many of the world's important economies is in doubt.
- 1.4 As global unemployment levels rise the predictable threat of increasing trade protectionism has begun to make its appearance. The lessons learnt from the disastrous "beggar my neighbour" policies in the 1930s have, it seems, been forgotten in some quarters. Similarly, some industries are already seeking restoration of protection and ignoring the benefits accrued by Australia from its large-scale reductions in protection in the 1970s, 80s and 90s, and the concurrent restructuring of the economy.

