



Submission No 57

Inquiry into Australia's Relations with the Republic of Korea; and Developments on the Korean Peninsula

Organisation: Queensland Government

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**Australia's Relationship with the Republic of Korea: and developments
on the Korean peninsula.
Queensland response to questions of interest**

The Queensland Government has been asked to respond to four questions posed by the Joint Standing Committee on Foreign Affairs, Defence and Trade relating to the current inquiry into Australia's relationship with the Republic of Korea. Specifically, the Committee sought comment on the issues of direct local representation, the reported instances of unethical practices by some tour operators, the marketing of the Queensland wine industry and the possibility of additional direct charter flights. The questions as posed by the Committee are:

1. Your submission notes that Queensland has a Trade and Investment Office, Tourism Queensland office and an Education Queensland International locally engaged officer in Seoul. (p. 1 Queensland Government submission)

- Would you comment on the usefulness of having a presence in the Republic of Korea market?
- What cooperation exists between Queensland Government personal and Federal government personal in the Republic of Korea?

2. A Department of Industry, Tourism and Resources Action Plan for Korea has noted that "there have been reported instances of unethical practices of a few disreputable inbound tour operators serving the Korean market."

- Has the Queensland Government found this to be a problem?
- If so, how has the problem been addressed?

3. Your submission makes references to seven charter flights from Seoul to Cairns in December 2004 – January 2005 (p.9 Queensland Government Submission)

- Is there a potential for further charter flights?

4. The Australian Wine and Brandy Corporation submission notes that a "lack of understanding of wine" by "occasional" wine drinkers in the Republic of Korea and a "lack of understanding of the market and cultural sensitivities by exporters are major impediments to the growth of Australian wine industry in the Republic of Korea (p.3 AWBC submission)

- Has the Queensland Government encountered a lack of understanding about wine the Republic of Korea market? If so, how might this issue be addressed?
- Has the Queensland Government encountered an exporter lack of knowledge of the Republic of Korea wine market? If so, how might this issue be overcome?

Response to Question 1

The Queensland Government has found that a local presence in the Republic of Korea has been of immense value in meeting market goals and raising the profile of Queensland industry and services. The Department of Education and the Arts, the Trade and International Operations Division of the Department of State Development, Trade and Innovation and Tourism Queensland have all found that a regional office and locally engaged officer provides invaluable assistance in understanding cultural sensibilities or issues, tapping into local business networks and providing the Queensland Government with better access to Korean business and government opportunities. Additionally, a local presence demonstrates Queensland's commitment to the Korean market and provides the Government with the opportunity to target those markets in a more focused and effective manner.

The Queensland Government appreciates the efforts of its federal counterparts in the Republic of Korea. As a general comment, the Queensland Government has found that Austrade personnel are more generic in their understanding of our requirements and thus limited in the assistance they can provide in circumstances where more detailed industry specific knowledge is required.

Response to Question 2

The Queensland Government has found that unethical tour operators serving the Korean market have been a problem in the past. Whilst such operators are a minority, the lasting negative impact that unethical operators can have on the reputation of Queensland cannot be understated.

As such, the Queensland Government has taken active measures to curtail the activities of those who would serve to damage the image of Queensland as an attractive holiday destination. Legislative measures have included the passing of the *Tourism Operators Act 2003*, which empowered the government to address issues relating to controlled shopping, misrepresentations, overcharging for goods and services as well as matters relating to unconscionable conduct. Additionally, Tourism Queensland is working directly with Korean wholesalers to educate them on the benefits of selling optional tours to free and independent visitors which, as a percentile share of the market, are expected to increase.

Response to Question 3

In addition to the charter flights which occurred between December 2004 and January 2005, QANTAS also has charter flights scheduled from Brisbane to Seoul from December 2005 till January 2006. The Queensland Government continues to work with airlines to encourage the establishment of regular charter flights.

Response to Question 4

The Queensland Government has a comprehensive wine industry development strategy in support of the increasing number of Queensland wineries. This strategy has a strong export element, particularly targeting two markets, Japan and Korea. Under this strategy, the Government has pursued expanding Queensland's exports of wine through a wine project in both markets in 2004-05 and 2005-06, largely assisted by the Queensland Government Trade and Investment Offices in Japan and Korea.

Our assessment is that Korean consumers are increasingly willing to purchase products from diverse origins. The market for wine, however, is still small in terms of volume and value as only a relatively small portion of the population is currently enjoying wine.

We consider that licensed liquor importers in Korea may not recognise the quality of Australian wines in terms of price and taste. Given the limited understanding of Australian wine in Korea, Queensland wines consequently face an even tougher battle to gain recognition in the market.

In contrast, the success of Chilean wine in Korea is seen to be the result of significant investment in marketing resources and promotional efforts over the past two years. This has included tasting seminars with local wine schools and wine traders, trader trips to wineries in Chile and supporting free samples. This, coupled with the price competitiveness Chilean wine is enjoying due to the Chile-Korea Free Trade Agreement has seen Chilean wine take a strong hold on the market.

For United States wines, American Alumni organisations have a strong presence in the Korean market and have acted as a conduit to market Californian wines in Korea.

Drawing on these successful exporting examples of Chilean and US wines, we consider that stronger marketing and education about Australian wines and Australia's distinct regions is required to build brand awareness and understanding not only with Korean consumers, but also with key liquor importers.

Queensland exporters' knowledge of the Korean market is fairly limited but it is growing through their increasing engagement with the market. The Queensland Government Office in Seoul and the Trade and International Operations Division of the Queensland Department of State Development, Trade and Innovation (in Brisbane and through State Development Centres throughout Queensland) are working actively with exporters to educate them about the Korean market.

Further, it would be of benefit to wine exporters to have access to up-to-date market specific information as some existing material for this market is outdated. Austrade, the Department of Foreign Affairs and Trade and the Australian Wine and Brandy Corporation may be in a position to provide this information. Improved access to resources on-the-ground in Korea (including Austrade and the Department of Foreign Affairs and Trade) to facilitate business outcomes would also assist Australian and Queensland exporters.