



*Embassy
of the
Argentine Republic*

APAUS NO 54/08

Canberra, 30 September 2008

**Janelle Saffin MP
Chair of the Trade Sub-Committee
Joint Standing Committee on Foreign Affairs, Defence and Trade
PO Box 6021, Parliament House
Canberra ACT 2600**

Dear Ms Saffin,

I would like to acknowledge receipt of your letter dated 25 June 2008 advising on the launch of the Trade Sub-Committee's inquiry into ways of expanding Australia's trade and investments relations with Asia, the Pacific and Latin America and thank you for the opportunity to make a submission.

Following that invitation I am pleased to herein enclose a submission which looks at ways to enhance the profile and presence of Australia in Argentina. The submission is divided into two parts the first being an overview on the bilateral relationship and the second consisting of suggested actions in areas which are considered of particular significance for the strengthening of trade and investment relations as well as cooperation linkages. However, it must be noted that the points included in this submission are no exhaustive and should be taken only as an indication on the variety and potential of areas encompassing the relations between both countries.

As requested, an electronic copy of the submission has been sent to the address jscfadt@aph.gov.au

I thank you again for the opportunity the Argentine government has been provided with. I am confident the inquiry conclusions and recommendations will contribute to enhancing Australia's trade and investments links with Latin America in general and Argentina in particular. I am at your disposal in case you need additional information.

Yours sincerely,



**Pedro Villagra Delgado
Ambassador**

I. An overview on the bilateral relationship

Introduction

The invitation received from the Trade Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade to make a submission to the inquiry into ways of expanding Australia's trade and investment relations with Latin America, offers a good opportunity to point out to a number of relevant issues in the bilateral relations between Australia and Argentina.

Even though the object of the inquiry is specifically devoted to increasing Australia's trade and investment in our region, comments on the political background as well as on the opportunities for trade, investment and other relevant exchanges in both directions are also included as they are very relevant to provide the framework in which those specific elements of the inquiry could take place or be facilitated.

The points included in this submission are no exhaustive and should be taken only as an indication on the variety of areas encompassing the bilateral relations between the two countries.

Argentina attaches great importance to its relations with Australia. Democracy and the values and principles associated with it constitute the basis upon which both of our societies are grounded. Thus we both have respect and promotion of human rights and fundamental freedoms are the top of our agendas domestically as well as internationally.

We also share views and objectives in crucial areas of the international agenda such as the need to achieve a more balanced international trade system within the framework of WTO, the strengthening of multilateral institutions and rules specially through the UN, respect for international law and the strengthening of the international regime for the non/proliferation of weapons of mass destruction and the need to achieve nuclear disarmament.

Our mutual participation and cooperation in the Cairns Group, the Group of Twenty (G-20) Finance Ministers and Central Bank Governors, at the UN in general and the UN Security Council in particular, IAEA, OPCW, CTBTO, the Council on Human Rights (where Australia is at present an observer), and so many other fora, bear witness to our long standing friendship and common views in matters of fundamental importance.

There is also a considerable and thriving Argentine community living in Australia, particularly in New South Wales and Victoria. This community is well integrated in the Australian society and they provide also an active driving force for strengthening the bilateral relations between the two countries and their respective cultures.

Strengthening of political and institutional relations

High official visits

High level official visits can contribute significantly to a better understanding of each other's positions and to further explore possibilities for cooperation or for identifying areas where common projects could be developed for mutual benefit.

In August 2006 Argentine Foreign Minister, Jorge Taiana, visited Canberra, Sydney and Melbourne, holding high level talks with government officials and members of the then opposition, including the Hon. Kevin Rudd, then Shadow Foreign Minister, and opening well attended seminars on trade and investment opportunities between the two countries in the capitals of both New South Wales and Victoria.

Argentine Secretary for Science and Technology, Dr. Tulio del Bono, visited Adelaide, Canberra and Sydney in 2006, holding high level meetings with the science and technology areas of the Federal and State Governments involved, as well as with Universities and research centres.

The Minister of Federal Planning, Mr. Julio De Vido, headed the delegation which in April 2007 participated in the opening of the OPAL nuclear research reactor and held seminars and meetings on investment in the mining and energy sectors in Argentina. The Argentine Minister for Education, Dr. Daniel Filmus, also visited Australia in April 2007.

The Secretary for Mining, Mr. Jorge Mayoral, visited Australia twice in 2007, holding seminars in Sydney in April and in Perth in June. The Secretary of Energy, Mr. Daniel Cameron, also paid two visits to Sydney during 2007, where he held meetings with ANSTO and with Ministers of the Federal Cabinet.

A delegation of members from both houses of the Argentine Congress visited Australia in August 2005 with a very substantive agenda of meetings.

Previously, President Dr. Carlos Menem officially visited Australia in 1998 and in 2001, Argentine Foreign Minister Rodriguez Giavarini did likewise.

On the Australian side, Foreign Affairs Minister, the Hon. Alexander Downer, visited Argentina in 2001, and most recently, the Parliamentary Secretary to the Minister of Trade, the Hon John Murphy and a delegation of Australian members of Parliament and Senators, chaired by Senator Steve Hutchins, visited our country in April and August 2008, respectively. Previously, in February 2007, Mr. Doug Chester, First Assistant Secretary for the Americas visited Buenos Aires and held political talks with officials of the Foreign

Ministry.

A few days ago, on occasion of the opening of the 63rd period of sessions of the United Nations Assembly General, the Argentine Foreign Affairs Minister, Mr. Jorge Taiana, met his counterpart, the Hon. Stephen Smith where a wide range of topics was considered.

These high level exchanges are very important for identifying priority areas where relations can be enhanced and should therefore be promoted and take place at more regular intervals.

Argentina would welcome a visit from Prime Minister Rudd and with that in mind an invitation was conveyed to him in February 2008 suggesting that it could possible take place on the occasion of his participation in the APEC Summit to be held in Lima. A reply to this invitation could help agree a mutually convenient possible date be for next November or for another suitable time. No Australian Primer Minister has officially visited Argentina.

Facilitating institutions

The Council for Australian Latin-American Relations (COALAR), offers a very good opportunity to contribute to the task of promoting relations between Australia and our region not only in trade and investment but also for an array of other areas such as culture and the arts, education, people to people contacts. COALAR is an institution that we highly value and that has proved to be very useful and cooperative in activities relating to the bilateral relations between Argentina and Australia and the expansion of its activities and programs could certainly contribute to the strengthening of those relations as well as those with Latin America as a whole.

Business associations such as the Australian Latin American Business Council, the Argentine-Australian Chamber of Commerce or the Cámara Australiano-Argentina de Comercio located in Buenos Aires, also play a very important role as promoters of bilateral trade and investment, as well as a catalyst for developing specific programs, meetings, seminars and helping to establish contacts between the two countries. Interaction with industry peak bodies in sectors such as mining and farming to name a few is another means to facilitate trade and investment between both countries.

Austrade and InvestAustralia play a positive role, as well as those areas of Estate governments dealing with the promotion of relations with Latin America. The Queensland government could be specially commended for having an office especially devoted to our region which has played an active and very helpful role in promoting relations between that State and our countries through visits, seminars and workshops.

The establishment of similar offices in other States could greatly contribute to the

goal of increasing the presence of Australia en Latin America and viceversa.

All these institutions can play a very important role in developing those contacts also in the States of Australia, thus allowing trade and investment opportunities to and from Latin America to reach to all corners of this vast country.

The States and Territories also play a very important role and have been, together with universities, local chambers of commerce or industry groups, instrumental in allowing for reach out activities to promote links between Argentina, and Latin America in general, and Australia in different places of the vast geography of this country. Seminars on trade and investment, education, scientific and technical cooperation, etc. have thus been held in all major Australian cities. The cooperation of the State governments in those events has been crucial and is indicative of the role they and the Argentine provinces can also play in enhancing bilateral relations and in furthering trade and investment, as well as cultural exchanges and people to people contacts. More use of this synergies between the federal government and the States and Provinces would be advisable.

COALAR, ALABC and the respective Chambers of Commerce can also play a very important role in these activities carried out in both countries not only at the federal level but also at those of the Estates and Provinces.

Strengthening of trade and investment relations

Trade and investment

Trade between Argentina and Australia has been growing steadily and has reached at present the highest level in its history. Bilateral trade for the first seven months of 2008 reached U\$S 322,4 million. However, opportunities for significant increases are plenty and action by both governments and the private sector of the two countries could significantly help to identify specific areas where two way trade and investment could be further developed.

Argentina offers excellent opportunities for Australian investments in areas such as mining, energy, agriculture and agribusiness, infrastructure, science and technology through research, among others. The Argentine economy has been growing continuously at rates averaging 8% of GDP yearly since 2003, underpinning the good economic conditions for trade and investment.

Argentina has a very highly qualified and skilled labor force, which together with very competitive prices, makes it an ideal place where to buy a wide range of products of very high quality at a very good price as well as to invest. That ample supply of skilled labor is backed by good education. Argentina has the highest rate of school attendance in Latin America and equals that of OECD countries.

There are many sectors where joint ventures between Argentine and Australian companies could be developed with the aim of providing both each other's and

third markets. A good example of this kind of venture is the association between Capilano of Australia and Honey Max of Argentine for the production and export of honey to third markets.

As an example, there have been expressions of interest also from the olive industries and from producers of raisins to invest in Argentina in association with local companies also with the aim of diversifying production and aiming at third export markets.

The industrial sector, of which Argentina has a long tradition and excellent workforce, in areas ranging from machinery, vessels, cars, agricultural machinery, electronics, medical equipment to name just a few, offers also very good opportunities for investment. The same can be said of real state and infrastructure.

Both governments could work together to identify the sectors where these joint ventures have a better chance of success and through an study of the comparative advantages that each market presents carry out a market study which could identify potential partners in both countries.

Argentina has competitive advantages in a wide range of industrial manufactures such as ceramic products; iron and steel; tools and implements of base metal; optical, measuring, checking, precision, medical or surgical instruments and apparatus as well as furniture. Production of plastering materials, lime and cement; ores, slag and ash must also be taken into account.

The commitment of Australia to reduce its dependency on fossil fuels and thus diversify its energy options constitutes a window of opportunity for partnerships and join-ventures projects given Argentina's expertise and well-established reputation in the manufacturing of natural compressed gas engines and equipment as well as widespread use of this technology in the domestic motor vehicle market.

Another area which could also be explored, to determine whether there are sectors where trade and investment could be developed is defence industries, in which both countries have capabilities which may be of mutual interest. Argentina has recently opened a Defence Attaches Office at the Embassy in Canberra and, besides the political importance and scope of such a decision, it could also contribute to increased relations in the area of defence industries.

Aeronautics and avionics, as well as the construction of vessels are areas where Argentina possesses capabilities which could require investment.

Both governments through their respective agencies as well as through the agencies of the States and Provinces where appropriate could facilitate and should promote increasing contacts between businesspeople from Australia and Argentina to explore together areas where increasing trade, investment and joint ventures are possible.

The participation in international fairs and shows held in each country by companies of the other, as well as the organization of trade rounds to facilitate

contacts between exporters and importers of each country should be further facilitated by governments of both Australia and Argentina both at the federal and the State and Territories and Provincial levels, respectively.

Even in those sectors of the economy where Australia and Argentina are competitors, there is ample room for exchanging information and technology in a mutually agreed basis, which could enhance their respective performances as many of the challenges that both face are common. Clear examples of these sectors are the promotion of New World wines or of organic or environmentally sustainable produced foods, where much can be done internationally to promote both of our exports, as well as transparency in their markets and trade rules.

The review of AQIS and Biosecurity Australia rules under way could help improving regulations, particularly those involving the application of costly and lengthy technical processes of risk analysis which in practice make very difficult to import into Australia products which could otherwise compete well with local goods in terms of price and quality.

The existence of such difficulties was made evident on occasion of an organic food exhibition which took place in Sydney in last July. A number of organic items samples coming from Argentina were confiscated by AQIS, many of which could only be released upon payment of expensive chemical treatments which of course would have affected the organic nature of those products.

It should be noted that the need of having a more expedite and less protectionist import risk system was raised by Argentina at the review of the Australian trade policy that the World Trade Organization undertook in 2007.

Visits of Australian trade and investment sectors to Argentina could greatly help identifying areas of mutual interests in those fields. The Argentine Embassy in Canberra and our Foreign and International Trade Ministry would be more than happy to contribute with Austrade and DFAT in organizing such a mission. A good occasion for it could be the activities which will take place in Buenos Aires during the week following the inaugural direct flight of Qantas from Sydney to Buenos Aires.

Tourism

Australia and Argentina are already linked by air services provided by Aerolíneas Argentinas which started flights from Buenos Aires to Sydney in the early 1980s opening this then pioneering air route. From November, Qantas will start non-stop flights from Sydney to Buenos Aires.

Both of these will provide exceptionally well connected air links between our two countries and through them with the rest of Latin America.

The importance of these flights should be underlined as they represent an exceptional vehicle to communications, people to people contacts, tourism, education and, naturally, trade and investments.

Both Australia and Argentina are very well prized destination for tourism and these flights open new possibilities in both directions. Visitors from both countries have been steadily increasing in the last few years but there is potential for significant enlarging those figures. In 2007 around 25.000 Australians visited Argentina and the figures for the first months of 2008 suggest that such a figure will be overtaken by the end of the year.

Australians do not need visas to travel as tourists to Argentina, even though Argentines do need visas to travel to Australia.

As the Australian Department of Immigration can certify, the number of Argentine nationals overstaying their visas in Australia is negligible and it should therefore be possible to facilitate the process to further increase the number of visitors. Recently it was granted that for student visas Argentine nationals could apply on line, thus simplifying significantly the hurdles of having to personally go to the Australian Embassy in Buenos Aires, a major difficulty for people not living in the capital in large country like Argentina. Extending this procedure to tourist visas could significantly help increasing the number of visitors from Argentina to Australia. It should be noted that Argentine nationals do not need visas to travel to any European Union country.

Tourism Australia and Secretary for Tourism and the National Institute for the Promotion of Tourism of Argentina (InProTur) could develop a joint programme to promote tourism in both directions. Both Aerolineas Argentinas and Qantas, could join in this exercise as they may benefit directly from this increased traffic and could at the same time contribute significantly to its success. Initial steps in that direction have been recently taken with the organization of a tourism road show in both Sydney (23 September) and Melbourne (25 September) which involved the participation of InProTur, the Embassy and the Consulate General in Sydney with the assistance of Qantas.

In this Context, a working holidays visa agreement is being negotiated and its conclusion would certainly help increasing the number of young peoples from both countries visiting the other and thus expanding people to people contacts. The text is at present being studied by the Australian government and a prompt conclusion would be a welcome development

Trade and Investment institutional framework

FEALAC (Forum for East Asia - Latin America Cooperation)

This forum is particularly relevant for the relations between Australia and Argentina as it is the only one in which both countries are members together with East Asian nations.

Argentina is at present the regional coordinator for Latin America in FEALAC until 2009.

Australia could certainly contribute to the success of FEALAC with its contribution in matters related to sustainable growth and social inclusion.

International trade negotiations

We both are committed to concluding an ambitious agreement in the Doha Round. Argentina has reiterated that such an agreement has to produce a balanced result on modalities in agriculture and in NAMA, consistent with the negotiating Mandate, the Ministerial Agreements, in particular those paragraph 24 of Hong-Kong of 2005, and the principles that enable this Round to be called a Development Round.

For an agreement to be meaningful the Doha Mandate of giving priority to the Special and Differential Treatment for Developing Countries, which includes Less Than Full Reciprocity in tariff reductions, the centrality of agriculture and the concession of flexibilities, either through exceptions or reduced tariff cuts for certain products, should be respected.

The position of Argentina on the lack of success in reaching agreement at the Ministerial Meeting held in Geneva last July is reflected in the final speech delivered by Mr. Jorge Taiana, Argentine Minister for Foreign Affairs and International Trade during that meeting, a copy of which could be made available together with its unofficial English translation.

Strengthening of cooperation links

Science and Technology

Cooperation in science and technology is one of the fields where the bilateral relations between Argentina and Australia could significantly grow and which offers very good possibilities for further development. Both countries are well advanced in matters such as biotechnology, genetics both for animals and plants, genomics, biology, nanotechnology, basic sciences such as physics, mathematics or chemistry, medicine (including nuclear medicine and oncology), water management and use, nuclear energy and nuclear research, new energy sources, sustainable development, environment, among others. Indicative of their respective scientific capabilities, both countries have had several nationals as winners of Nobel Prizes in sciences. Argentina can provide high tech items of excellent quality.

The fact that the building and design of the only nuclear research reactor in

Australia was done by the Argentine company INVAP S.E., is a good example of the synergies which exists and which could be further developed in these matters.

Specific areas where such a co-operation in the nuclear field is possible have been identified by the Argentina National Commission for Atomic Energy (CNEA), and conveyed to the appropriate Australian authorities and a program of work should be developed. The peaceful uses of nuclear energy are becoming increasingly relevant in the context of climate change and the many medical applications of this source and Argentina and Australia are well placed to take advantage of its potential. The close relationship developed between ANSTO and CNEA, as well as with INVAP S.E. creates a climate conducive to cooperation in this field which both countries should take advantage of and put into concrete action.

INVAP S.E. itself can provide, besides nuclear reactors, a wide range of highly sophisticated products such as satellites for remote sensing or radars for airports.

Cooperation and investment in scientific and technological research could open new avenues for trade because of the high added value that such sector can provide.

Contacts between Argentine universities, research institutions and government areas with Australian universities, research centres and CSIRO already exist. A MOU on Scientific and Technical Cooperation signed in 2003 is still in force and it is under its framework that specific agreements and projects could be negotiated. Estate and Territories could also play a crucial role in this area as many of the contacts existing with Argentine scientific and technological research is done through them.

Universities and education

A few Australian universities have Latin American studies programs. These could become a catalyst to promoting the knowledge and interest for our region in Australia and serve as well as a way of fomenting relations between high learning institutions of this country and universities in our region.

In the course of the last two years several universities have been active in promoting relations with Latin America through the organization of seminars on opportunities between Australia and our region which took place in their campuses.

These activities took place at the University of Sydney in March 2007; the University of Melbourne in November 2007; the University of Queensland in July 2008, the University of Western Australia in August 2008, and the University of Adelaide in August 2008. In addition, special mention needs to be made to the work done by the Australian National University's ANCLAS (Australian National Centre for Latin American Studies) in promoting knowledge of Latin America in

Australia.

All these events allowed not only for the Ambassadors and Chargé d'Affairs of Latin American countries accredited to Australia and Australian experts on Latin America to highlight the many opportunities that exist for trade and investment in areas such as mining, energy or agribusiness, but also to scientific and technological exchanges and the development of education and tourist links. In all these occasions the government of the States involved played also an important role and high officials from them took part in the activities.

Australian universities are keen in expanding its activities into Latin America and attracting students from our region. The granting of scholarships could play an important role in this process by making these universities known among the potential students. The University of Sydney has recently announced the granting of a group of scholarships for PhD students from some countries, Argentina among them.

Links between Australian and Argentine universities should be further developed and those existing expanded. A visit by a University of Sydney delegation to Buenos Aires in April 2008 identified areas where such cooperation is possible and its development could contribute to increasing links leading also to further trade and investment.

The teaching of Spanish has significantly increased in the last few years in Australian universities as well as the teaching of English has in Argentina. Exchanges in these areas should also be explored as some universities have already being doing.

COALAR and the Department of Education, Employment and Workplace Relations can certainly play a leading role in helping those links bloom.

Culture and the arts

There is an important presence of Argentine culture in Australia which is exemplified by the number of schools of tango in the main cities of Australia, with near 40 of the in the Sydney area alone.

The same is true for the frequency in which our national music is played in Australian classical radio.

Argentina, as Australia, has a well developed and sophisticated film industry more than a century old. Argentine films are occasionally shown in Australia in commercial venues, and more frequently through festivals of either Argentine or Latin American Festivals.

Areas such as music, film or visual arts in general could also create an opportunity to explore joint ventures between Australia and Argentina. This is a non-traditional area where also trade and investment could be explored. Contacts between the relevant sectors could be facilitated by the respective embassies.

Sports

Australia and Argentina are countries fascinated by sports. The Director for Social Sports of Argentina, Mr. Raúl Araya visited the Australian Institute for Sports in Canberra in 2006 and discussed options to increase bilateral ties in this field.

Argentina is interested in receiving cooperation in gymnastics, field women's hockey, sailing, rowing, track and field sports, and swimming and could in turn provide its expertise in soccer, basketball and volleyball.

Soccer, tennis and rugby union are areas where both share common interests and high performance teams.

Strengthening of relations in these areas could lead to increased exchanges and people to people contacts and tourism and should be therefore further promoted.

Other topics of interest for the bilateral relation

Other areas, even though they may be considered as not directly related to trade and investment, could nevertheless be important to take into account in the context of the overall bilateral relation between Australia and Argentina and are therefore included in this submission.

Some of these areas could lead to trade, investment and/or scientific and technological research where common programs could be developed.

Whaling

Both countries share positions regarding whaling and the need for their protection. Bilateral cooperation in the International Whaling Commission and coordination among Southern Hemisphere countries should be enhanced.

Antarctic cooperation

Both countries are claimants of sovereignty in Antarctica which creates a natural bond and similar approaches to the activities in that continent. Both countries have been active in Antarctica for more than a century and possess a great deal of expertise in all areas related to the continent, be biology, geology, climate, fisheries, environment, research, legal framework, etc., which should constitute the basis for developing a solid program of cooperation through the respective Antarctic services.

Illegal fishing in Antarctic waters and indeed in other areas, is a field where Australia and Argentina can exchange experiences and work together to improve controls.

The fact of the Secretariat of the Antarctic Treaty being located in Buenos Aires and that of the Commission on the Conservation of Antarctic Marine Living Resources (CCAMLR), in Hobart, should further facilitate the establishment and strengthening of those contacts and programmes.

Climate change. Bali Plan of Action

Both Argentina and Australia played a key role in co-presiding critical negotiations which led in December 2007 to the Bali Plan of Action for Climate Change in the context of the UN Framework Convention. Argentina has welcomed Australia's recent ratification of the Kyoto Protocol and believes such a new status paves the way for bilateral efforts to tackle the effects of climate change such as development of zero emissions technologies (including those from agricultural and forestry activities) and renewable sources of energy.

These, together with water management and use offer scope for further action through the competent bodies of both governments, as well as universities and research centres both federal or from states and provinces.

Non-proliferation and disarmament

Non-proliferation of weapons of mass destruction is another area where Australia and Argentina have common positions and where cooperation has been traditionally strong.

Argentina together with Brazil opened up to international safeguards their respective indigenous developed nuclear programs at the beginning of the 1990s and created a bilateral agency for accounting and control of nuclear materials (ABACC), which is the only of its kind in the world and could certainly be relevant for the objective of promoting transparency in the uses of nuclear energy and to ensure it is carried out exclusively with peaceful purposes. We are legitimately proud of our record in this field as well as of the practical and effective contribution we made to the non-proliferation international regime.

This experience as well as that of the establishment and functioning of ABACC could have been of use for the work of the Commission on Nuclear Non-Proliferation and Disarmament recently created.

Australia and Argentina are also members of the Nuclear Supplier's Group, the Missile Technology Control Regime, the Wassenaar Agreement, the Australia Group, etc.

Peace Keeping Operations

Australia and Argentina have both a long tradition of participating in UN and regional organizations peace keeping operations. That common experience and lessons learned can be shared for the benefit of future operations, particularly in the framework of multilateral actions through the UN that both countries support. The Argentine experience in Haiti at present could be of relevance for the deployments of Australian peacekeepers in the Pacific region and viceversa.

II. Suggested actions in key areas for strengthening of trade/investment relations and cooperation linkages

Based on the first part of this submission, two areas for particular strengthening of bilateral relations are herein included. A suggested course of action for each of them is also included. Some of the background information on these topics has already been provided in the points above, but has been kept here for facilitating reading.

Trade and Investment

Nature of the trade and investment flows

Notwithstanding the similarities of their economic production patterns and the fact that they mostly target the same markets there is an increasing interest amongst businessmen, investors and even some government officials in the possibilities of complementation between both economies. This is related to the need of Australia to secure its presence in the Asia-Pacific markets where it has built a reputation of a reliable supplier of food and manufactures of agriculture origin in the event that such a supply could be jeopardized by the worsening of the drought which has already been affecting the farm sector.

In fact, there are some Australian companies which have been looking at expanding their activities in Argentina to offset the drop of their local yields. Such is the case of companies from the olive and dried grape sectors for which existing water availability and low land price are the main drivers for investing in Argentina. Thus joint-ventures where capital is contributed by Australian companies and management is undertaken by Argentine ones are becoming common practice. A successful case in point is the partnership between Capilano Australia and Honey Max Argentina. Less frequent is the case of joint-ventures in which the industrial process takes place entirely in Australian soil (the exception probably being the manufacturing of the olive harvester "Colossus" by Boundary Bend Limited in Mildura).

Suggested action

Forging partnerships between companies from both countries to more effectively gain access to third markets appears to be an activity worthwhile

considering. It is therefore suggested to concentrate efforts to that end while noticing that focus should exclusively be placed on small and medium enterprises.

Furthermore, it is recommended that those efforts be coordinated amongst the federal and states/territories jurisdictions. States in particular (mainly Queensland, Western Australia, South Australia and to a lesser extent New South Wales) have shown special interest in recent times to strengthen bilateral ties through trade and investment promotion activities such as workshops and seminars.

To that end, the Federal government should consider the possibility of undertaking consultations with relevant food and farm industries bodies with a view to identifying those sectors heavily oriented to the export market which are likely to experience shortcomings in terms of supplying capacity.

Based on those findings and with the assistance of Argentine authorities, the Australian government should carry out an analysis of the comparative advantages that Argentina bears in such sectors. Should there be positives outcomes, identification of potential Argentine counterparts would take place to be followed by a trade mission to Argentina.

Scientific and technological cooperation

Background information

Australia's International Science Linkages Program, under the management of the Department of Education, Employment and Workplace, has been mainly focused on projects and partnerships with developed countries and a few developing countries from Asia. The Program has recently gone through a review process which has resulted in the inclusion of a Latin American country (Brazil) for the first time under the competitive grants scheme.

Bilateral cooperation on scientific and technological matters is an area which has received a great deal of consideration by Argentine authorities over the last four years. Following the signing of a Memorandum of Understanding (MoU) by the then Argentine Secretariat of Science, Technology and Productive Innovation and the Department of Education, Science and Training in 2003 a visit to Australia of an official delegation headed by the Secretary of Science and Technology took place in 2006.

The aim of that visit was to identify areas of cooperation for effective implementation of the MoU the first proposed activity being the organization of a seminar on the viticulture sector which was held in Argentina in the first semester of 2007. Viticulture emerged as an area of common interest as both countries are New World wine producers with a strong presence in exports markets (Argentina ranks as the fifth wine grape exporter). The seminar was attended by a group of 10 Australian researchers under the coordination of Professor Steve Tyerman from Adelaide University. Contacts between

researchers and scientists from both countries as well as the visit of a couple of Argentine researchers have followed with a few working groups having been set up. Briefly, research of these working groups will focus, among others, on pest control -in particular mites and phylloxera-, measurements of whole grapevine photosynthesis, sustainable management of soil water and salinity tolerance.

In addition to the MoU above mentioned, several less institutionalized scientific and technological cooperation frameworks are already in place between universities and research centres in Argentina and Australian counterparts (some of them at the governmental level such as in the case of the state of Victoria).

Suggested action

In order to keep momentum and build on the interest expressed by Argentine authorities to strengthen scientific and technological ties with Australia, it is suggested that consideration should be given to the inclusion of Argentina in the grants scheme under the International Science Linkages Program at its next reviewing process. By enabling cooperation on areas of mutual interest a range of potential commercial applications could unfold which could in turn help strengthening the trade and investment relations above covered.

In order to help identifying areas of potential scientific and technological cooperation the following guidance is provided (based on advice sought from the Argentine National Institute of Industrial Technology, INTI):

- 1) Renewable energies for grid connection: INTI, which has set up an internal division with the aim to developing technologies in this field, is interested in gaining knowledge about the developments that CSIRO has achieved in this area and also in exploring possibilities for technology transfer.
- 2) Waste disposal from the mining sector: to improve the existing technologies for control of contamination and pollution from the mining sector, INTI is looking for opportunities transfers of technology and capacity building and CSIRO is a potential partner given its vast experience on this field.
- 3) Materials development: INTI has a few centers devoted to the development of new materials for industrial uses. This could open possibilities for bilateral cooperation given the innovative achievements Australia has in the domain of fabrics, chemicals, plastics, polymers, metals as well as renewable and biodegradable materials.
- 4) Biotechnology: INTI plays a pivotal role in Argentina in bringing together the academic and research sectors with businesses demanding biotechnology for their productive processes. Use of biotechnology in the pharmaceutical and the food industries is of particular interest to INTI and thus an area of potential cooperation with Australia.
- 5) Sustainable building: it is understood that the state of Victoria has made a

significant progress on this area which is something INTI is looking into in order to assist a broad range of industries.