



Australian Government

Australian Government response to the
Joint Standing Committee on Foreign Affairs, Defence
and Trade report:

Inquiry into Australia's trade and investment relations
with Asia, the Pacific and Latin America

December 2012

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Government response to the recommendations in the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade's inquiry into Australia's trade and investment relations with Asia, the Pacific and Latin America

APEC

Recommendation 1

Work towards the admission of India to membership of APEC as soon as possible.

Australia supports India's membership of APEC and will consider the manner in which we might support India in gaining membership.

The Government notes that while the moratorium on new APEC members expired in 2010, APEC economies have not yet agreed to re-open the issue. A number of economies have expressed interest in joining APEC. The admission of any new member would require consensus amongst all APEC economies.

Recommendation 2

That Australia continues to strongly support the work in APEC on the identification and elimination of choke points in regional supply chains and the development of modern and efficient communications networks.

Australia has taken a lead role in this work in APEC through the development of APEC's supply-chain connectivity work program. At its November 2010 Summit, APEC Leaders endorsed eight Supply-chain Action Plans to improve logistics in the APEC region. APEC Leaders also set a 10 per cent improvement target for the performance of regional supply-chains by 2015, taking into account each economy's circumstances. A mid-term assessment of progress toward this goal is due in 2013.

Australia worked closely with other APEC economies, particularly Singapore, Japan and the United States, to identify chokepoints to the smooth flow of goods, services and business travellers throughout the region.

The Supply-chain Action Plans aim to:

- . make logistics regulations more transparent;
- . address inadequate logistics infrastructure;
- . provide capacity-building for logistics sub-providers;
- . improve goods clearance at the border;
- . reduce burdensome customs procedures;
- . build capacity in multi-modal transport networks;
- . address variations in cross-border communications standards; and
- . improve regional cross-border customs transit arrangements.

Australia is leading work on the Action Plans dealing with inadequate logistics infrastructure and variations in cross-border communications standards. Australia is working on three projects relating to logistics: a review of best practice in logistics associations in APEC economies; development of standards for safe use of heavy road vehicles; and a proposal to address deficiencies in information infrastructure linking major seaports. In pursuing work under these Action Plans, the Department of Foreign Affairs and Trade works closely with the Department of Infrastructure and Transport and the Department of Broadband, Communications and the Digital Economy, and other government agencies.

As lead economy for the Action Plans on cross-border communications standards, Australia has coordinated work programs to improve means for maintaining the resilience of submarine telecommunications cables and, through cyber security initiatives, promoted a trusted and safe online environment.

Recommendation 3

That Australia continues to set an example to other APEC member economies by: (i) maintaining its momentum towards trade liberalisation; and (ii) encouraging the APEC membership to push strongly for a positive and forward-looking outcome in the Doha Round.

The Government is working actively to ensure that Australia remains a model economy in APEC by continuing its trade liberalisation program.

In 2011 the World Trade Organization's (WTO) Trade Policy Review concluded that Australia has one of the most open economies in the world, and a trade policy framework characterised by an unusually high degree of transparency. Unilateral reductions in tariffs have reduced the average applied "most favoured nation" tariff rate to 3.1 per cent, from 3.8 per cent in 2006; further unilateral reductions will continue through to 2015.

Australia remains strongly committed to trade liberalisation – negotiation of improved access for Australian exporters to overseas markets to generate prosperity – as well as ongoing domestic reform. The Government's domestic reform agenda (skills enhancement, better infrastructure, taxation reform, a seamless national economy and innovation) will help ensure that Australian exporters are internationally competitive and can take advantage of the opportunities offered by trade liberalisation.

Australia has a strong record in encouraging the APEC membership to push strongly for a positive and forward-looking outcome in multilateral trade liberalisation negotiations. At the Vladivostok APEC Summit in September 2012, APEC Leaders called for fresh thinking to explore new and credible approaches to the WTO Doha Round negotiations. Australian efforts helped secure this approach, which included the possibility of advancing parts of the Doha agenda, such as trade facilitation, based on consensus. APEC Leaders also reaffirmed their pledge against protectionism, through a standstill on trade barriers through to 2015.

Trade Facilitation

Recommendation 4

That the Australian Government commit itself to a concerted effort to lift Australia into the top 20 countries in the World Bank's list of economies having the easiest trade access.

The Government agrees with the Committee's recommendation that it is important to do more to improve and enhance Australia's trade access through trade facilitation measures.

Promoting trade facilitation through a commitment to a regulatory environment that minimises barriers to business is a priority for the Government.

The Government is delivering an effective border protection regime for the Australian community by regulating and facilitating legitimate trade. The strategies undertaken to achieve this goal include:

- . minimising the regulatory burden at the border so that goods are delivered in the most efficient and cost-effective way;
- . co-designing Australian trade, industry and border protection policies with strategic partners in a way that minimises the impact on legitimate trade;
- . intelligence-led risk-based interventions at the border to detect and prevent the import or export of prohibited items;
- . the effective delivery of industry assistance through advance rulings on classification, valuation and origin and tariff concession arrangements;
- . encouraging Australia's trading partners to minimise regulatory burden at the border through capacity building activities and bilateral and multilateral trade negotiations; and
- . implementing and managing Australia's international commitments under free trade agreements, the International Convention on the Harmonized Commodity Description and Coding System, and WTO agreements.

In APEC, Australia is a strong supporter of work to improve trade facilitation. APEC economies were able to achieve reductions in trade transaction costs (by five per cent between 2002 and 2006 and a further five per cent by 2010) through a range of initiatives targeting movement of goods, alignment of standards, business mobility and electronic commerce. The World Bank estimates that APEC-driven improvements in customs procedures, regulatory cooperation, logistics and infrastructure delivered US\$58.7 billion in savings for business between 2007 and 2010.

Australia continues to lead work on trade facilitation in APEC economies including through supporting the Services Trade Access Requirements (STAR) Database and APEC's supply chain connectivity agenda. The STAR database is a business-friendly, on-line tool to help services providers from all APEC economies take

advantage of new export opportunities by increasing their awareness of the regulatory requirements to trade and invest.

In the WTO, Australia is pushing strongly for an agreement on trade facilitation. Potentially 44 per cent of the benefits of the Doha Round are estimated to emanate from a trade facilitation agreement. The trade facilitation negotiations would lead to more modern, efficient customs clearance procedures and better cooperation between the customs authorities of WTO Members. This would markedly reduce the time it takes for goods to be processed and cleared, resulting in real reductions in the costs of trading.

Recommendation 5

That Australia work towards the complete introduction of paperless trading as soon as possible and that it encourage and, where necessary, assist its trading partners to achieve the same outcome.

The Australian Government commenced work in 2005 to examine the feasibility of introducing an agreed international trade data standard supported by information technology systems, including a single window that would enable linking of trade data across government and industry to facilitate data re-use and pre-population.

Work continued through the International Trade Cluster of the Standard Business Reporting (SBR) initiative, led by Treasury in 2007. A Business Case concluded that the Integrated Cargo System (ICS), implemented in 2005 and operated by Australian Customs and Border Protection Service, already provided a single window for the bulk of international trade-related reporting to Australian Government for import and export cargo.

At the border the ICS facilitates paperless clearance for 99.5 per cent of imports and 99.7 per cent of exports transactions. For a small proportion of transactions, border agencies request the presentation and sighting of trade documents to complete risk assessment. In some instances, exporters and importers may present trade documents electronically to border agencies. Ongoing work on paperless interaction includes advanced testing of the feasibility to electronically submit declarations in the postal environment and for household personal effects, which are currently paper based transactions. The aim is that electronic solutions would constitute 100 per cent of postal declarations and around 68 per cent of personal effects consignments.

Other initiatives are currently being investigated across Government to improve the range of electronically accessible trade documents, including permits, which would then further facilitate electronic clearance.

Drawing on the experience and lessons learned in developing and implementing the ICS as the Australian national single window paperless trading capability, Australian Government agencies are active participants in bilateral discussions and international forums. Such opportunities both leverage and assist Australia's efforts for success in paperless trading and facilitate timely dissemination and adoption of "best practice outcomes" by Australia and its trading partners.

Recommendation 6

That Australia should strongly encourage the complete acceptance of the APEC Business Travel Card by the remaining members of APEC; and also explore the possibility of establishing a similar arrangement with other trading partners, e.g. non-APEC economies in Latin America, the EU and India.

The Government agrees that Australia should be encouraging the acceptance of the APEC Business Travel Card by the remaining members of APEC.

Through the APEC Business Mobility Group, Australia and other APEC economies have strongly encouraged the small number of APEC economies that have yet to finalise arrangements to transition to full membership of the APEC Business Travel Card scheme.

The Government continues to explore facilitative visa arrangements with Australia's trading partners in APEC and other regions, including with India, and with countries in Latin America and in the European Union.

Recommendation 7

That Australia should take a leading role in working towards the improvement of supply-chain processes in APEC and in encouraging other trading partners to undertake a similar program.

Australia is playing a leading role in improving supply chain processes in APEC.

The Department of Infrastructure and Transport (DIT) is undertaking an AusAID-funded project to enable Indonesia, Papua New Guinea (PNG) and Vietnam to develop their own industry-based logistics associations in partnership between industry and government. Australia, Singapore and Thailand are providing expert advice to the project. The project seeks to enhance information flows and coordination among government agencies on policies affecting the logistics sector. It will develop a National Logistics Association (NLA) generic template and deliver a compendium of NLA best practices and benefits.

This project has been a catalyst for PNG to establish its first National Logistics Association (PNG-LA). The Australian Logistics Council is assisting PNG develop sound governance and reporting arrangements. The PNG-LA will act as a single voice for PNG's supply chain industry needs in interacting with relevant PNG authorities on key logistics issues.

In addition, DIT has played a leading role in developing a methodology for measuring progress towards the goal agreed by APEC leaders of achieving 10 per cent improvement of supply-chain performance in terms of reduction of time, cost and uncertainty by 2015.

Recommendation 8

That, in view of the benefits arising from the Export Market Development Grants Scheme, it should continue indefinitely and be fully funded to provide certainty for exporters seeking to widen their overseas market focus.

The Government has extended the Export Market Development Grants (EMDG) Scheme to the 2015-16 grant year and is committed to working with industry to maximise the benefit of the EMDG Scheme within the total funding that is available.

In the Mid-year Economic and Fiscal Outlook 2012-13, the Government announced it would retarget the Export Market Development Grants program towards emerging and frontier markets, with a focus on Asian markets. This measure complements the recent review of Austrade, which recommended that Austrade's export promotion work be undertaken in the world's emerging and frontier markets as this is where Australian businesses can benefit most from government support.

Latin America

Recommendation 9

The Sub-Committee considers that the introduction of electronic visa applications would be an excellent, and inexpensive, way to assist in improving trade and investment relations with the countries of Latin America. It would have valuable spin-off benefits for the tourism industry and would also facilitate business travel to Australia.

The Government agrees, and believes that the introduction of electronic visa applications would be an inexpensive way to assist in improving trade and investment relations with the countries of Latin America.

For foreign nationals intending to visit Australia for business or other reasons, including for citizens from countries in Latin America, the Government, through the Department of Immigration and Citizenship, has increased the number of visa categories accessible through electronic lodgement in recent years. In particular, the Government has extended electronic lodgement to client groups who have demonstrated compliance with visa conditions.

On 15 February 2012 Argentine and Brazilian nationals became eligible to apply online for a Tourist visa (Subclass 676), known as "e676". Chilean nationals became eligible to access the e676 service on 20 September 2011.

In 2013-14, the Government intends to progressively roll out online visitor visa applications to citizens of all countries.

Recommendation 10

The Sub-Committee recommends that the Government review the processing of applications by skilled migrants and, where appropriate, seek ways to fast track the recognition of their skills.

The Government continues to review procedures to achieve the most responsive processing times possible to enable employers to meet their skilled employment needs. In May 2011 the Government committed A\$10 million over four years to fund a new processing centre with the aim of reducing the median processing time of Temporary Business (Long Stay) visas (Subclass 457) to 10 days for “decision-ready” applications.

Australia has a transparent and accountable system for processing applications for recognition of the skills of migrants to Australia. There is a national system of legally authorised organisations for nominated skilled occupations that process applications by individuals for recognition of qualifications for skills gained overseas. These assessing bodies are legally independent, professional organisations, and in general terms the Government has no statutory role in their assessment processes. DIAC continues to work with the various third parties involved in assessing aspects of visa applications (including skills assessments) to ensure that these processes are as transparent and responsive as possible.

Recommendation 11

The Sub-Committee also recommends that urgent attention be given to achieving mutual recognition of university qualification between Australia and the countries of Latin America. This would assist the efforts of Australia’s universities to attract post-graduate students, who might otherwise go to American or British universities. It would also assist tourism through attracting the relatives and friends of such students to visit Australia.

The Government notes the desirability of achieving mutual recognition of university qualifications. To this end, Australia has signed Memoranda of Understanding (MOUs) on mutual recognition of qualifications with Brazil, Chile, Colombia and Peru.

Australia is a signatory to the United Nations Educational, Scientific and Cultural Organization (UNESCO) Lisbon Recognition Convention and as such has in place policies and procedures for transparent, timely and defensible recognition of foreign qualifications, including those from Latin America.

In 2011 there were 31,450 student enrolments from Latin American countries. Of these, 12.4 per cent were in the higher education sector, 31 per cent were in the vocational, education and training (VET) sector and 53.7 per cent were in the English Language Intensive Courses for Overseas Students (ELICOS) sector. By country of origin, the top four student enrolments were from Brazil (15,266 enrolments or 48.4 per cent), Colombia (8,923 or 28.3 per cent), Peru (1,985 or 6.3 per cent) and Chile (1,974 or 6.3 per cent).

In 2011 there were 2,042 students from countries in Latin America enrolled in post graduate degrees at Australian universities. This represented an increase of 2.5 per cent on the 2010 post graduate enrolments from Latin America.

Australia established the Australian Education International-National Office for Overseas Skills Recognition (AEI-NOOSR) as its National Information Centre after signing the UNESCO Lisbon Recognition Convention in 2002. The National Information Centre promotes international student and labour market mobility through qualifications recognition, including qualifications gained by individuals from accredited educational and training institutions in Latin America. The National Information Centre is an easily accessible information resource that responds to inquiries about recognition overseas of Australian degrees and provides advice on authorised processes in Australia that assess qualifications gained by individuals in institutions in other countries.

In Australia, admission to professional practice may require registration at the national or state and territory level, or membership of the relevant professional body. Recognition of professional qualifications for the purposes of admission to practice, including qualifications gained overseas, is carried out by professional bodies which assess individuals and their qualifications against the relevant professional standards. Admission to professional occupations in Australia requires a specialised academic higher education qualification at degree level and, in some cases, relevant experience. In Australia, national, state and territory authorities regulate a number of professional occupations, relying on professional standards developed in conjunction with the relevant professional bodies. Professional bodies responsible for recognition processes often accredit higher education programs in the relevant disciplines and maintain close relationships with higher education institutions.

Australian professional bodies can and do establish their own mutual recognition agreements with their overseas counterparts.

AEI-NOOSR has a supportive relationship with higher education institutions and professional bodies. The National Information Centre provides broad information support services about the comparability of overseas qualifications in Australia, including through Country Education Profiles (CEP) Online, an easily accessible information resource designed as a general recognition guideline. CEP Online describes the education systems of overseas countries and provides assessment guidelines on the comparability of many overseas qualifications to Australian qualifications on the Australian Qualifications Framework (AQF). In Australia, foreign qualifications are compared to qualifications on the AQF (www.aqf.edu.au).

The CEP guidelines provide information on qualifications in 13 countries in Latin America. For countries that are not included in CEP Online, AEI-NOOSR provides information on the recognition of overseas qualifications to institutions and individuals.

Recommendation 12

Allied to the previous recommendation, the Sub-Committee recommends the adoption of a “working holiday” scheme for visitors from Latin America. At present, visitors from 27 countries can access such arrangements, but of the Latin American countries only Chile is included in that list.

The Government agrees that adding more Latin American countries to the “working holiday” scheme would be of benefit to Australia. The Government concluded a review of the Working Holiday Maker program in 2010. Based on the review’s conclusions, the Government initiated a work program of negotiations with several countries for new reciprocal Work and Holiday (Subclass 462) visa arrangements. The Government may add other countries to the negotiations schedule in the future, subject to wider bilateral considerations and Australian economic and labour market conditions.

Foreign Governments may register interest in Australia’s reciprocal Work and Holiday (Subclass 462) visa arrangements through contact with the Australian Department of Immigration and Citizenship, or through contact with an Australian embassy, high commission or consulate overseas.

Australia and Argentina implemented new reciprocal Work and Holiday visa (Subclass 462) arrangements in February 2012. Australia and Mexico commenced negotiations in late 2010 for a capped Work and Holiday visa arrangement. Australia responded to Mexico’s queries on proposed legislative limitations, and negotiations on a draft text are progressing well. Australia is currently in the final stages of negotiations with Uruguay on a Work and Holiday Memorandum of Understanding. The new arrangements are expected to commence early 2013.

Recommendation 13

All of the Latin American Ambassadors indicated how much they appreciated visits by Ministers, particularly at the head of business delegations, and by Parliamentary representatives. The Sub-Committee recommends that increased priority be assigned to visits such as these to the countries of Latin America – in line with the Government’s declared intention to engage more closely with Latin America and the Caribbean.

The Government sees value in increased visits to Latin America by Ministers and Parliamentary representatives.

In June 2012 Prime Minister Julia Gillard visited Mexico and Brazil. Prime Minister Gillard and Brazil’s President Dilma Rousseff announced that the Australia-Brazil relationship would be elevated to the level of a strategic partnership.

In December 2011 Australia’s then Minister for Foreign Affairs (Kevin Rudd) visited Mexico and El Salvador. He also visited Mexico in September 2011, and again in February 2012 for the G20 informal Foreign Ministers’ Meeting.

In April 2012 Australia's Minister for Trade and Competitiveness, Dr Craig Emerson, visited Brazil, Chile and Colombia, with business delegations, for bilateral discussions, and attended the G20 Trade Ministers' Meeting in Mexico. Parliamentary Secretary Richard Marles visited Uruguay in December 2011 and Venezuela and the Caribbean in January- February 2012, and the Caribbean again in May and September 2012.

In January 2012 the Prime Minister's Special Envoy (for Latin America and the Caribbean) visited Mexico, Nicaragua and Guatemala. In May 2012 the Special Envoy visited the Dominican Republic, Panama, Ecuador, Peru, Bolivia, Argentina, Paraguay and Uruguay.

At the Parliamentary level, Senate President Senator the Hon John Hogg has played a strong role supporting Australia-Latin America relations. He hosts two functions annually for the Latin American Ambassadors and parliamentary colleagues. In 2009, he visited Argentina, Chile, Colombia and Mexico. In 2011, he visited Peru.

The Government will continue to identify opportunities for Australian Ministerial and Parliamentary visits to countries in Latin America.

Recommendation 14

That COAG make improved cooperation between the Commonwealth and the States, and between the States themselves, a high priority – to achieve higher levels of efficiency in the transport and logistics supply chains, provision of infrastructure, and trade facilitation.

The Council of Australian Governments (COAG) seeks to improve cooperation between the Commonwealth and the States and Territories to respond to the challenges facing Australia. One of the strategic themes agreed by COAG in early 2011 to focus its agenda is a national economy that is driven by our competitive advantages. Under this theme, COAG is pursuing a number of microeconomic reforms; regulatory and competition reforms; infrastructure investment; and the use of new digital technologies to drive productivity.

In September 2011 COAG established the Standing Council on Transport and Infrastructure (SCOTI). Members of SCOTI are Commonwealth, State, Territory and New Zealand Ministers with responsibility for transport and infrastructure issues, and a representative, at Councillor level, of the Australian Local Government Association. The Council pursues and monitors issues of national significance which require sustained, collaborative effort in the areas of transport, logistics and infrastructure. An example of this is the recent completion of the National Land Freight Strategy.

The Pacific

Recommendation 15

The Sub-Committee expressed its satisfaction that AusAID has given some emphasis to gender issues in negotiations with the Pacific Islands Forum countries. It proposes that these issues should continue to be advanced by DFAT and AusAID as a priority.

The Government continues to advance gender issues and gender equality in Forum Island countries. In September 2011, Prime Minister Julia Gillard appointed Australia's first Global Ambassador for Women and Girls. The Ambassador works to support Australia's objective to empower women and girls around the world.

Australia has offered assistance to Forum Island countries for country specific research on the Pacific Agreement on Closer Economic Relations (PACER) Plus. While Australia does not determine the scope of these reports, gender is one issue that Forum Island countries may address. Gender awareness is also integrated into Australian funded trade training for Pacific Island trade officials.

In addition, the Prime Minister announced a new \$320 million, 10 year commitment to expand Australia's support to empower women and promote gender equality across the Pacific. Announced at the 2012 Pacific Islands Forum, this initiative aims to increase:

- the number of women in leadership and decision making roles at national and local levels by training and mentoring current female MPs and candidates;
- economic opportunities for women through improving access to financial services and produce markets; and
- safety for women through improved services, violence prevention and access to justice.

This work will be supported by efforts to:

- change social attitudes about roles and status;
- increase advocacy for women's equality; and
- improve health and education outcomes for women and girls.

This builds on support Australia currently provides for gender equality in the Pacific. It includes efforts to improve access to finance, reduce barriers to women's participation in business, leadership training and efforts to eliminate violence against women.