

*Joint Standing Committee on Foreign Affairs, Defence
and Trade*

GOVERNMENT RESPONSE

**“EXPANDING AUSTRALIA’S TRADE AND
INVESTMENT RELATIONS WITH NORTH
AFRICA”**

May 2007

The Government thanks the Joint Standing Committee on Foreign Affairs, Defence and Trade for the comprehensive enquiry conducted into Australia's trade and investment relations with North Africa. The report is a welcome and timely study of Australia's trade and investment relations with five of the North African states: Algeria, Egypt, Libya, Morocco and Tunisia.

The report makes five recommendations regarding Australia's trade and investment relations with North Africa. The Government's response to these recommendations is provided below.

Recommendation 1

The committee recommends that the Australian Government should seek to improve access for Australian exports through negotiating lower tariffs on a bilateral basis, particularly in agribusiness.

The Government will continue to seek to improve access for Australian exports to North African markets. The Government pursues opportunities to improve market access both through the World Trade Organisation processes and bilaterally through ministerial and officials level representations, including through the proposed bilateral Trade and Economic Framework with Egypt and finalisation of an MOU with Egypt on live animal trade. It is considered that these activities will encourage growth and diversification in the commercial relationship and help build a closer economic relationship.

Market access commitments, such as the reduction of tariffs, can be made bilaterally through a free trade agreement (FTA) or through negotiation in the World Trade Organisation. However, under WTO rules, preferential access (which would improve access for Australian exports only) can only be granted in an FTA.

The Government's policy approach to the negotiation on FTAs is that an FTA:

- should have the potential to deliver substantial commercial and wider economic benefits to Australia
- is fully consistent with WTO principles and rules, achieves trade liberalisation faster than through multilateral reform and builds on WTO commitments
- provides for comprehensive and substantial liberalisation across goods, services and investment
- significantly enhances Australia's broader economic, foreign policy and strategic interests.

Australia is currently negotiating FTAs with a number of trading partners and our resources remain fully committed at this stage. However, the Government will continue to pursue opportunities to improve access for Australian exports to North African markets.

Recommendation 2

The committee recommends that the Australian Government initiate or continue ministerial discussions with North African trading partners to address technical access issues, particularly harmonising customs and standards requirements.

The Government will continue to make bilateral ministerial and officials level representations to address technical standards access issues impacting on Australia's exports, particularly agricultural exports, to North African markets. Where appropriate, the Government will also continue to promote Australia's favourable animal and plant health status and the recognition of our food safety and production systems which underpin the certification of Australian agricultural exports to facilitate the simplification of import clearance procedures (such as product testing) by our trading partners.

In addition, the Government will continue to encourage greater adoption by North African trading partners of internationally accepted science-based technical standards developed by international standards setting organisations such as the World Animal Health Organisation (OIE), Codex Alimentarius Commission and International Plant Protection Convention. The World Trade Organisation (WTO) processes, including the Trade Policy Review Mechanism, Sanitary and Phytosanitary Committee and WTO accession negotiations also provide avenues for technical access issues to be addressed.

Recommendation 3

The committee recommends that there should be closer focus given to expediting visa processing requirements for North African countries and that DIAC:

- *review its visa processing arrangements for North Africa as a priority, and*
- *consider reviewing the assessment processes for North Africa students sponsored by their governments.*

Visa processing arrangements

The Government notes the committee's recommendation on visa processing arrangements.

The following initiatives have recently been developed and implemented to expedite visa processing requirements across North Africa as a result of recent reviews of post operations:

LIBYA

Following the opening of the new Consulate-General in Tripoli, an arrangement was introduced to evidence business visas granted to Libyan Government officials with pre-printed business visitor labels. Libyan Government Officials now have a visa label affixed to their passport at the Consulate-General in Tripoli. DIAC will review the success of this service to assess the viability for extending it to other business visa applicants, subject to consultation with key stakeholders, including the Consulate-General, and an assessment of integrity issues.

DIAC (Cairo office) has also introduced a streamlined process for Libyan student visa applicants. Numbers in this caseload remain small, but are increasing and Libyan students are now given priority processing. DIAC (Cairo office) has also equipped the Consulate-General in Tripoli with pre-lodgement information to assist students to lodge assessment ready applications.

DIAC (Cairo office) has increased its emphasis on the Libyan caseload by increasing the frequency of visits to Tripoli to a minimum of three times per year to conduct formal discussions with Libyan government and business officials and Consulate-General staff.

MOROCCO

Processing of applications in Cairo presents some difficulties due to the fact that Moroccan law prohibits the sending of national passports, by mail or courier, in or out of the country. As a result Moroccans are still required to deliver their passports to Cairo in person for evidencing purposes. DIAC (Cairo office) has been developing and implementing strategies to address this matter, including trialling label-free visa issue for urgent Moroccan applications. This process, introduced in January 2006, has thus far operated on a case-by-case basis with approval from National Office. The trial of label free visas will be monitored to assess whether expansion of this process is possible. At this stage the process is restricted to a case-by-case operation.

To further enable the expansion of the label free visa service, DIAC (Cairo office) is also building relationships with the Moroccan Embassy (Cairo) to develop a strategy of passport verification based on passport copies and information provided by applicants to their Embassy.

The transfer of visa processing to a European post such as Paris, Madrid or Lisbon is not seen as a viable option as these posts all provide limited DIAC services and are managed only by locally engaged staff. Appropriate consideration of all cases requires the continued active involvement of DIAC Australia-based staff who are conversant with the local environment and better able to manage the complexities involved in processing the Moroccan caseload.

Other recent client service improvements include introducing fee payment by credit card for Moroccan applicants. This scheme has been arranged in consultation with the Commercial International Bank of Egypt (CIB) and, if it operates successfully, will alleviate delays associated with the obtaining and waiting for clearance of bank cheques drawn in US dollars. CIB have indicated that they should be in a position to fully introduce the credit card payment option for Moroccan clients by November 2006.

DIAC (Cairo office) has increased the number of interview trips to Morocco and Tunisia to deal with the increase in partner applications.

ALGERIA

The number of applications from Algerian nationals remains small across all visa classes. All applications are treated as priority by Cairo Office. DIAC (Cairo office) has scheduled a number of visits to Algiers this program year to conduct interviews and to explore the possibility of establishing Algerian panel doctors to service clients locally.

TUNISIA

The number of applications from Tunisian nationals is also very small across all visa classes and all applications received in Cairo are treated as a priority.

Integrity and Cultural Issues Impacting on Visa Processing in North Africa

The Government notes the Committee's recommendation on visa processing arrangements. The Department of Immigration and Citizenship regularly reviews its processing arrangements for visitor visas and continually seeks to improve services. However, this must be balanced against the need to ensure that visa applicants meet the legal requirements for a visa. These may require additional inquiries and processing, depending on the risk associated with the caseload. Risk is assessed using the non-return rate of visitors and the modified non-return rate of visitors and comparing these rates to the global average.

Currently the non-return rates for visitors from Egypt, Morocco and Tunisia are significantly higher than the global average and around the global average for Libya and Algeria. However, the modified non-return rates are significantly higher for all five countries, with Libya being 78% higher and Algeria being 74% higher than the global average.

The 'non-return rate' is a calculation of the percentage of visitors who arrive and do not depart within the validity of their initial visa. The 'modified non-return rate' is a calculation of the percentage of Visitors who have arrived, whose initial visa has expired within the reporting period and who have NOT applied for a subsequent visa deemed to be of benefit to Australia.

The non-return rates for visitors from the subject North African countries have improved in recent years. If these rates continue to improve consideration can be given to more streamlined visitor visa processing.

The Government notes the Committee's comment that all visa applications from North Africa must be sent to the Australian Embassy in Cairo for processing and that this affects processing times. The North African countries currently account for only a small proportion of DIAC's global workload and can be appropriately managed through the Embassy in Cairo. Nevertheless, as detailed above, the Department of Immigration and Citizenship continues to develop ways to assist North African clients within the restrictions imposed by local legislation and conditions.

Visa requirements for North African business people

Australia's temporary business entry arrangements aim to address the demands of a modern and dynamic economy through a flexible and transparent regulatory framework. All procedures are streamlined to the greatest extent possible to ensure an efficient, expeditious and transparent service to overseas business visitors and companies seeking to obtain visas for skilled workers necessary for the conduct of their business. Australia has a universal visa system and seeks to facilitate the movement of people across the Australian border, while protecting the community and maintaining appropriate compliance. Australia's business visa arrangements are non-discriminatory and are based on the purpose of entry rather than on the nationality or regional grouping of the applicant. Australia operates a fundamentally different system for regulating entry to the systems of New Zealand and North America and so direct comparisons of processing times and grant rates are not practical.

The Department of Immigration and Citizenship continually reviews visa requirements, processing procedures and related issues for business visa applicants from all countries in order to facilitate trade and economic relations as much as possible. Facilitation must be balanced by the obligation to maintain the integrity of Australia's border and visa system. The Australian Government is actively promoting the Sponsored Business Visitor Visa for Australian companies seeking to do business with North Africa. The Sponsored Business Visitor visa allows for visa applications to be lodged by approved Australian organisations, at a departmental office in Australia, on behalf of North African visitors. The initiative provides more streamlined processing and greater certainty of outcome than standard business visitor visas.

Skilled temporary entry for business people working in Australia for extended periods is based on the provision of visas for stays of up to four years for managers, executives and specialists, as well as representatives of offshore companies seeking to establish a branch in Australia. This visa provides benefits that are not available from many of the countries with which Australia is usually compared. Spouses and dependents of temporary residents who are included in the visa application of the main applicant receive automatic full work rights on grant of the visa to the main visa applicant. Australia does not apply labour market testing and quota arrangements are not applied to temporary skilled entrants.

E-visa arrangements are in place on-line for business temporary residence applicants. The arrangements provide full electronic processing, from electronic lodgement to decision advice.

Assessment processes for Student visas

The Department of Immigration and Citizenship will investigate the assessment processes for North African students sponsored by their respective governments. However, it does not agree with the allegations made by Dr Vincent in his submission to the committee, for which no evidence has been provided. None of the countries of North Africa are subject to Assessment Level 4 (representing a very high immigration risk).

All students whose living, tuition and travel costs are covered in full by a foreign government are exempt from the requirement to sit an English proficiency test for student visa purposes, irrespective of their assessment level. Similarly, where a student is government sponsored, evidence of this sponsorship is generally accepted as sufficient to meet the financial requirements for grant of a student visa. This is in direct contrast with private students, who are required to demonstrate their financial capacity to study in Australia by providing comprehensive evidence of their financial status, including money deposits, loans and evidence of income.

Application fee payments

Department of Immigration and Citizenship officers at the Australian Embassy in Cairo have been working with local financial institutions to develop a better system for the payment of fees and visa application charges in the region, especially for Maghreb countries to allow for credit card payments.

Recommendation 4

The committee recommends that Austrade reconsider its organisational and representational arrangements for North Africa.

From 1 July 2005 the responsibility within Austrade for North Africa was transferred from the Western Europe to Middle East and North Africa sub-region. The Senior Trade Commissioner in Dubai has management responsibility for Austrade's operations in the Middle East and North Africa.

The opening of the Australian Consulate in Tripoli and appointment of a Consul-General/Trade Commissioner to Tripoli from January 2006 provided another avenue for Australian industry to access information on opportunities in markets of North Africa.

Austrade's Tripoli office also manages its commercial engagement with the North African countries of Algeria, Morocco, Tunisia and Mauritania. The Austrade office in Cairo manages Egypt. In Algeria Austrade uses a trade consultant to provide support to Australian companies on a project basis. Austrade is satisfied that these arrangements meet Australian industry's current needs.

The Government will continue to monitor and evaluate the benefits of alternate resource allocations by Austrade to North Africa, as part of Austrade's ongoing assessment of return on investment.

Recommendation 5

The committee recommends that high priority be given to the establishment of a Trade Commissioner and Consul-General in Algiers.

Austrade's Tripoli office manages its commercial engagement with Algeria. In Algeria, Austrade also uses a trade consultant to provide support to Australian companies on a project basis.

The Government is satisfied that this arrangement, supported by Austrade's Libya office and DFAT's Paris and Cairo offices, currently provides Australian industry with appropriate levels of Australian government services for Algeria.

The Government will, however, keep under review Austrade's allocation of resources for Algeria, in particular as it develops commercial strategies for future engagement in the North African region.