

# PART B

## PORTFOLIO OVERVIEW



## **PORTFOLIO OVERVIEW**

Foreign Affairs and Trade portfolio agencies support Ministers in the conduct of Australia's Foreign Relations and Trade policy, help Australians win export business and generate inward and outward investment, and provide assistance to developing countries to reduce poverty and achieve sustainable development. The portfolio also provides consular and passport services to Australians, and aims to improve domestic and international public understanding of Australia's foreign, trade and aid policies. The key principles and priorities of the Government's foreign and trade policy were set out in a White Paper published in August 1997.

The agencies in the portfolio are the Department of Foreign Affairs and Trade (DFAT), the Australian Trade Commission (Austrade), the Australian Agency for International Development (AusAID), the Australian Centre for International Agricultural Research (ACIAR), the Australian Secret Intelligence Service (ASIS), the Export Finance and Insurance Corporation (EFIC) and the Australia-Japan Foundation (one of a number of bilateral foundations or councils responsible to the Minister for Foreign Affairs; in this case a Commonwealth statutory authority that receives separate appropriations from the Consolidated Revenue Fund).

## **PORTFOLIO PRIORITIES**

In 2000-01, as in recent years, the portfolio will use Australia's strong economic position and political standing to influence developments in the region and globally in ways that protect and promote Australia's interests. A key objective will be to encourage the launch of a new market access-focused round of multilateral trade negotiations in the World Trade Organization (WTO). We will also use our bilateral relationships, along with the Asia-Pacific Economic Cooperation (APEC) forum and the ASEAN Free Trade Agreement-Closer Economic Relations (AFTA-CER) dialogue, to advance trade and investment liberalisation, economic reform and good governance in the Asia-Pacific region. The AusAID-administered aid program - through its work to alleviate poverty and promote economic and governance reform - and Austrade - through its market promotional work - have important roles to play in promoting these objectives.

A key priority for the portfolio will be to continue to work in a measured way towards a constructive and sustainable bilateral relationship with Indonesia, and in support of a more stable, prosperous and democratic Indonesia. The focus of Australian aid assistance to East Timor will move towards long-term development and nation-building, while continuing to provide necessary humanitarian relief. Our policy approach has the longer-term goal of helping East Timor make the transition to independence as a stable and self-reliant neighbour.

Portfolio agencies will continue to focus on the other major bilateral relationships identified in the 1997 White Paper as of particular significance to Australia - with the United States, Japan and China. Presidential elections in the United States during the year will require portfolio attention to building a good working relationship with the new Administration and Congress. Australia's interests lie in encouraging the United States to maintain its engagement in the Asia-Pacific region and its leadership globally, particularly in relation to the multilateral trading system. We will also protect Australian interests in bilateral trade disputes with the United States.

The portfolio will use Australia's well-developed relations with Japan to advance the WTO and APEC agendas, to explore further the scope for regional free trade linkages and to strengthen cooperation with Japan to pursue common regional and global security interests.

The portfolio will continue to implement the Government's policy of engagement with China. A high priority bilaterally will be to encourage constructive Chinese interaction with the region and with the United States. Priority will also be given to encouraging China and Taiwan to work for the resolution of the cross-strait dispute through peaceful dialogue. Encouraging further domestic economic reform and progress on human rights in China will also be a priority.

The portfolio, through Austrade and through the DFAT and Austrade-managed network of posts, will continue to work with business to promote exports of Australian goods and services and to encourage international investment in Australia. Assistance will be provided to Australian businesses to capitalise on stronger economic growth in Asia and to establish new markets in Europe, the Americas and the Middle East.

The portfolio will provide financial support for Australian exporters to promote their products and services through the Export Market Development Grants Scheme administered by Austrade. EFIC will continue to provide Australian companies with internationally competitive finance and insurance services, particularly for countries, companies and contracts which the commercial market may not have the capacity to cover.

The portfolio will use Australia's bilateral relationships with the European Union and the United States, and the APEC forum, to build momentum towards a new round of negotiations in the WTO. In the meantime, the portfolio will give high priority to promoting our substantial interests in the WTO negotiations on agriculture and services. The portfolio will defend and promote vigorously Australia's interests in the WTO dispute settlement system.

The portfolio will be active multilaterally on issues where Australia's interests are involved. A priority will be working to implement and where possible strengthen international regimes covering weapons of mass destruction. A particular objective is to maintain the vital security benefit Australia derives from the Nuclear Non-Proliferation Treaty (NPT) non-proliferation norm.

Australia will also be engaged during the period in a broad range of international environmental negotiations with implications for our economic, trade and environmental interests. In particular, the 6th Conference of the Parties to the Climate Change Convention in November 2000 is scheduled to conclude consideration of a number of outstanding issues relating to the Kyoto Protocol.

The portfolio will coordinate a whole-of-Government review of the operation of the United Nations treaty committee system as it affects Australia.

The Government is also committed to ensuring that all Australians have access to information about Australia's international treaty obligations. The Department of Foreign Affairs and Trade has maintained a Treaties Library on the Internet since September 1996, which also contains information on treaty action under negotiation.

The portfolio will continue to provide high-quality consular and passport services to Australians travelling and living overseas, and their families in Australia. Recent reviews of the passport and consular functions indicate that Australia provides a world-class service in these areas. The portfolio will be putting in place new measures to maintain the quality, timeliness and sensitivity of its services as demand for them increases.

The portfolio will maintain its commitment to ensuring that the Australian community remains informed about and supportive of Australia's foreign and trade policy. In the context of the vital importance of trade to Australia's future well-being, the portfolio will highlight the benefits for all Australians, particularly those in regional Australia, of active engagement in the international economy. The international public diplomacy program will be built around the Sydney Olympics in September 2000 and the celebration of the Centenary of Federation in 2001. The portfolio will use the opportunity provided by the Olympics to raise international awareness of contemporary Australia and promote Australian business.

## **NEW BUDGET MEASURES**

The 2000-01 Budget allocates \$104.4 million over four years in additional resourcing to the Foreign Affairs and Trade portfolio for the following new Budget measures:

### **Pricing review of departmental resourcing**

- Department of Foreign Affairs and Trade - \$4.400 million over four years.

### **Establishment of an ongoing East Timor Aid Programme**

- Australian Agency for International Development - \$100.000 million over four years.

### **Australian Youth Ambassadors for Development Programme**

- Australian Agency for International Development - this measure will be absorbed by the aid budget at no additional cost to Government.

### **Increased contribution to the Commonwealth Fund for Technical Cooperation**

- Australian Agency for International Development - this measure will be absorbed by the aid budget at no additional cost to Government.

### **Grant to the Commonwealth's Trade and Investment Access Facility**

- Australian Agency for International Development - this measure will be absorbed by the aid budget at no additional cost to Government.

### **Extension of the Australia-South Pacific 2000 Programme**

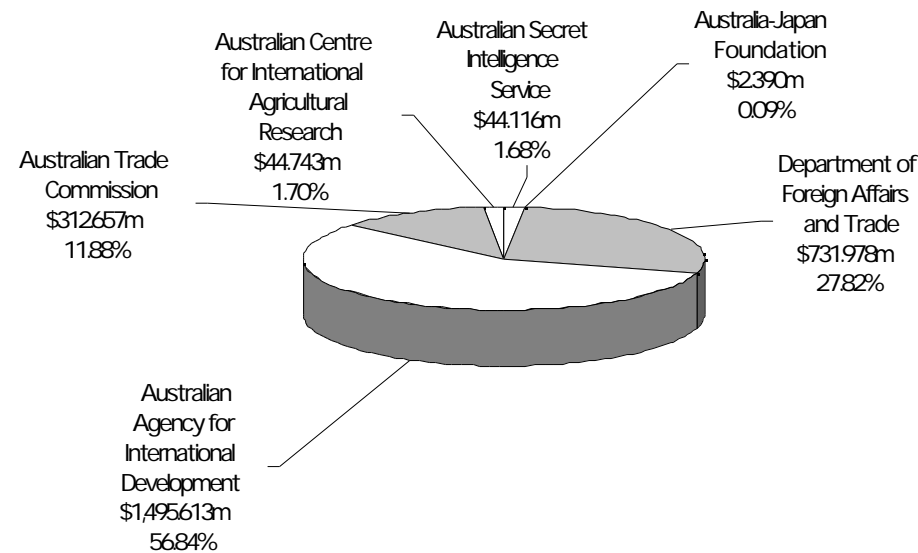
- Australian Agency for International Development - this measure will be absorbed by the aid budget at no additional cost to Government.

### Debt forgiveness for Heavily Indebted Poor Countries (HIPC)

- Australian Agency for International Development - the precise timing and magnitude of the impact on the Budget of this measure will depend on when Ethiopia and Nicaragua receive debt relief under the enhanced HIPC Initiative and on factors such as movements in exchange rates. Therefore, the nature of this measure is such that a reliable estimate of the resourcing implications of this measure cannot be provided at this stage.
- The Government will also provide the second tranche (\$11.5 million) of the \$35 million commitment over 1999-2000 to 2001-02 to the HIPC Initiative.

### APPROPRIATIONS BY AGENCY

Graph 1 - Total Appropriations per Agency in the Portfolio



Notes:

- Graph 1 shows Bill 1 (Departmental and Administered) appropriations only.

**Chart 1 - Structure of Portfolio Outcomes - Foreign Affairs & Trade Portfolio**

