

# PART B

## **Portfolio Overview**



## PORTFOLIO OVERVIEW

Foreign Affairs and Trade portfolio agencies support Ministers in the conduct of Australia's foreign 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 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 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 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 2001-02, the portfolio will seek to maximise Australia's strong economic and political standing so as to influence regional and global developments and advance Australia's national interests.

Portfolio agencies will continue to focus on the bilateral relationships identified in the 1997 White Paper as of particular significance to Australia - with the United States, Japan, Indonesia and China. Strengthening relations with the European Union will also be an important focus of attention.

A key priority will be to build on Australia's good initial links with the new US Administration to establish a strong dialogue and encourage strong US leadership, notably on trade issues and US engagement in our region.

The portfolio will work to strengthen further Australia's relations with Japan, a key partner, leveraging off outcomes of the Strengthening Economic Relations studies and the Australia-Japan Conference. Australia will continue to engage and cooperate further with Japan on regional and global economic and security issues to advance our shared interests, including through consideration of a trade and investment facilitation agreement.

Maintaining a constructive relationship with Indonesia and assisting East Timor make a stable transition to independence will be a key objective. The portfolio will work to conclude a new Timor Gap Treaty with East Timor.

As in previous years, the portfolio will engage with China on a broad range of economic, security, regional and consular issues. The portfolio will 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-straits dispute through peaceful dialogue and without resort to the use of force. Encouraging further domestic reform and progress on human rights in China will also be a priority.

The portfolio will continue to support peace-monitoring activities in the Solomon Islands and Bougainville, and provide support for nation building in East Timor. Complementing these activities, the portfolio, and AusAID in particular, will continue to implement programmes which promote sustainable development, good governance and stability in the Asia-Pacific region.

The portfolio has commissioned a strengthening economic partnership report with the Republic of Korea. Following the resumption of formal relations with North Korea last year, the portfolio will continue to engage that country and encourage a more positive North Korean approach on global security issues and reducing regional tensions.

Encouraging the launch of a new market-access focused round of World Trade Organization (WTO) negotiations at the Qatar Ministerial meeting in November 2001 will be a key priority for the portfolio. The portfolio will continue to promote lower regional trade and investment barriers for Australian business through engagement in the Asia Pacific Economic Cooperation (APEC) forum. Negotiating a free trade agreement with Singapore and encouraging the new US Administration to agree to begin negotiations on a free trade agreement with Australia will also be key priorities. Agencies will also explore the possibility of a free trade agreement with Thailand, and work constructively with the Association of South East Asian Nations (ASEAN) on the development of the ASEAN Free Trade Area-Australia New Zealand Closer Economic Relations Trade Agreement (AFTA-CER) Closer Economic Partnership. The portfolio will use Australia's bilateral relationships, along with its APEC membership, to advance economic reform, more open and transparent policy regimes and good governance in the Asia-Pacific region. The AusAID-administered aid programme - through its work to alleviate poverty and promote economic stability and governance reform - has an important role to play in promoting these objectives.

Regardless of the timing of a new round of WTO negotiations, 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, through Austrade and through the DFAT and Austrade-managed global network of posts, will continue to work with business to promote exports of Australian goods and services, to encourage international investment in Australia and to identify Australian investment opportunities overseas. 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. Australian

businesses will be able to capitalise further on opportunities in the United States with the establishment of a Consulate-General in Chicago.

The portfolio will continue to provide financial support for Australian exporters to promote their products and services through the Export Market Development Grants Scheme administered by Austrade, the operation of which has been extended. EFIC will continue to provide Australian exporters with internationally competitive finance and insurance services. As a result of a review of such services in 2000, the Minister for Trade announced that EFIC would be required to form an alliance with a private sector insurer with a commitment to a contingent future divestment. The alliance is aimed at improving short-term credit insurance services available to Australian exporters. The alliance will be a period of transition to allow the Government to test fully the appropriateness of it withdrawing from credit insurance services. The Government will only take this step if the alliance demonstrates sustained advantages for Australian exporters.

The portfolio will work to advance and defend Australia's important interests on relevant multilateral issues. A priority will be working to implement and where possible to strengthen international regimes covering weapons of mass destruction. Measures to enhance controls over the spread of missile-related technologies will be a particular focus, as will efforts to develop a verification regime for the Biological Weapons Convention. Regional security dialogues with a range of countries in the Asia-Pacific and elsewhere will continue to be developed in support of Australia's direct security interests and as a contribution to regional confidence, transparency and stability.

A key objective for the portfolio over the next year will be to make a substantial contribution to the Commonwealth Heads of Government Meeting in October 2001. The portfolio will work to ensure the Commonwealth continues to act in areas where it can add value, such as the promotion among member countries of democratisation, good governance, institution-building and the protection of human rights.

In pursuing Australia's interests in multilateral environment negotiations, particularly climate change, the portfolio will work to ensure that our broad trade, economic and environmental interests are advanced. Australia will pursue reform of the United Nations, including through the High Level Diplomatic Initiative on the Human Rights Treaty Body system.

The portfolio will continue to provide high-quality consular and passport services to the increasing number of Australians travelling and living overseas, and their families in Australia. The portfolio has implemented new measures to maintain the quality, timeliness and sensitivity of its services and will continue to review these as demand for them increases.

Portfolio agencies will maintain their commitment to consult with State Governments, business and the wider community to enhance the formulation of portfolio policy approaches and to ensure that the Australian community remains informed about, and supportive of, Australia's foreign and trade policy. Agencies will highlight the

benefits for all Australians, particularly those in regional Australia, of active engagement in the international economy. Building on the positive image of Australia conveyed during the Sydney Olympics, the portfolio will promote international awareness of Australia, including its record of innovation, its strength as a knowledge-based economy and its artistic and cultural assets.

#### **NEW BUDGET MEASURES**

The 2001-02 Budget allocates \$59.3 million over four years in additional resourcing to the Foreign Affairs and Trade portfolio for the following new budget measures:

- **Opening of Australian Consulate-General in Chicago**  
Department of Foreign Affairs and Trade and Austrade- \$13.4 million over four years.
- **Replacement of Secure Diplomatic Communications Network (SATIN)**  
Department of Foreign Affairs and Trade - \$35.9 million over three years.
- **Commitment to Polio Eradication**  
Australian Agency for International Development - \$10.0 million over four years.

Chart 1: Administered appropriation per agency in the portfolio

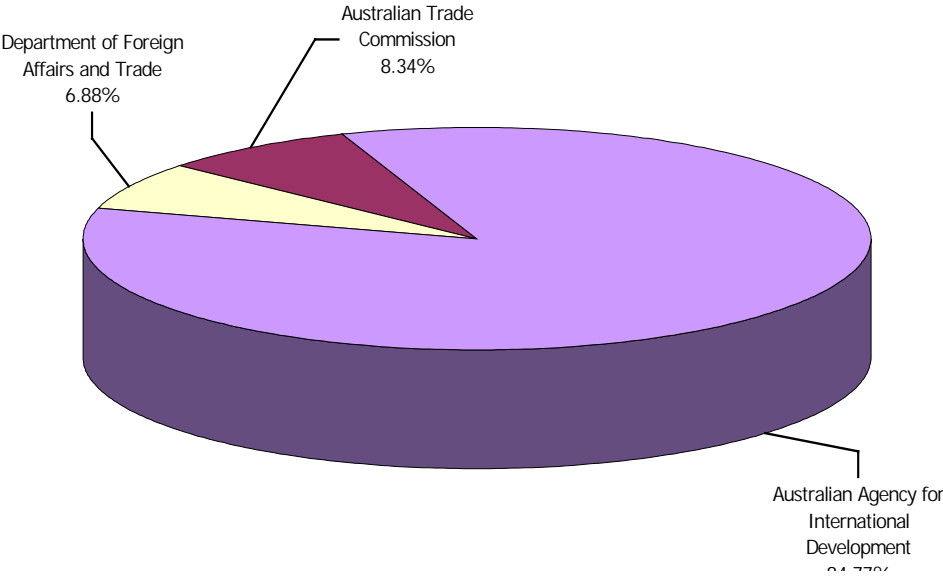


Chart 2: Departmental appropriation per agency in the portfolio

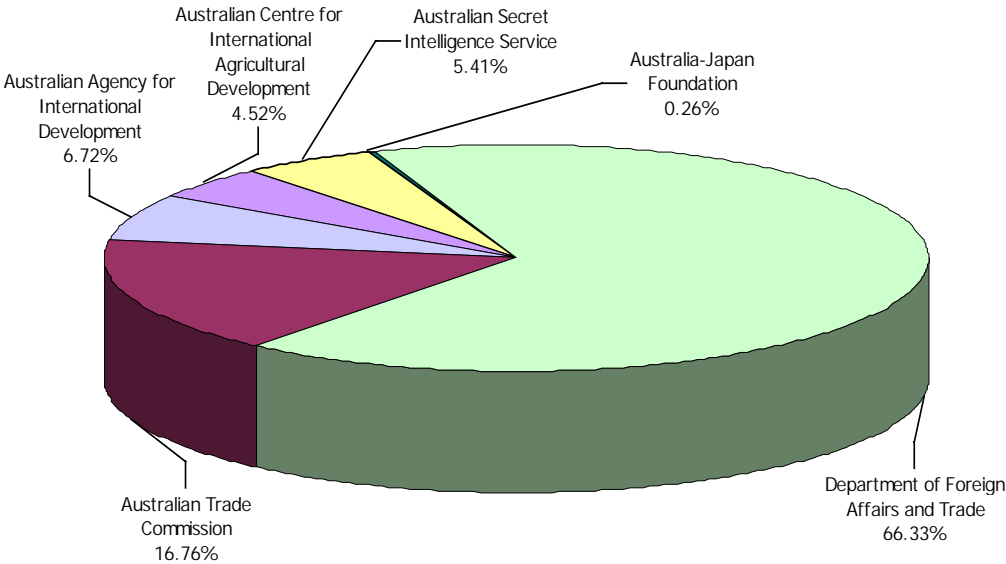


Chart 3: Structure of portfolio

