

**PART B:**

**PORTFOLIO OVERVIEW**



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The purpose of Australia's foreign and trade policy is to advance the national interest – the security and prosperity of Australia and Australians.

The foreign affairs and trade portfolio agencies support Ministers in the conduct of Australia's foreign and trade policy, and pursue bilateral, regional and global strategies to further these objectives. The agencies contribute to international security, national economic and trade performance and global cooperation; support Australian business by providing market access and export advice and assistance; promote trade and investment; develop and promote domestic and international understanding of Australia's foreign and trade policy and a positive image of Australia internationally; provide assistance to developing countries to reduce poverty and achieve sustainable development; provide consular and passports services to Australians; and manage efficiently the Commonwealth overseas owned estate.

The portfolio consists of: 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 (AJF).

### **Portfolio Priorities**

In 2004-05, the portfolio will draw on Australia's international standing to influence regional and global developments in pursuit of the national interest, including by consolidating and expanding bilateral links. The portfolio will actively seek out affinities with like-minded countries and groups of countries to advance Australia's interests.

The portfolio will contribute to Australia's security by continuing to work closely with domestic agencies and international partners in efforts to strengthen both regional and global security. It will provide support for Australia's efforts to counter the proliferation of weapons of mass destruction, their delivery systems and the threat of international terrorism; the achievement of Australian objectives in the United Nations (UN) Security Council; and the implementation of agreements and arrangements with other countries, particularly regional neighbours. In 2004-05, the portfolio will deliver a White Paper on terrorism and promote regional counter-terrorism cooperation, including through follow-up to the Bali Regional Ministerial Meeting. Additional measures will be employed at premises in Australia and overseas to continue to improve security for staff and members of the public.

The portfolio will continue to spearhead whole-of-government Australian policy on Iraq. Assisting Iraq's rehabilitation – including the transition to representative government and economic recovery – will remain a high priority. The portfolio will

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continue efforts to influence the Democratic People's Republic of Korea to abandon its nuclear programme, and further intensify its active agenda to address security and economic challenges in the South Pacific.

In advancing Australia's trade and investment interests, the portfolio will provide information and assistance to Australia's exporters and investors and actively seek improved access to overseas markets. A key priority will be work in support of the multilateral trading system. In the World Trade Organization (WTO) Doha round of multilateral trade negotiations, the portfolio will pursue Australia's interests in improved market access outcomes on agriculture, services and industrial products. Support for coalitions such as the Cairns Group of agricultural fair traders, and work with others committed to the multilateral trading system and the Doha round, will continue. Using the WTO dispute settlement system, the portfolio will pursue and defend Australian trade and economic interests. The portfolio will also work to maximise market-access improvements from WTO accession negotiations currently underway.

Closely meshed with these multilateral objectives are efforts to pursue trade liberalisation at the bilateral and regional levels. The portfolio will assist Australian exporters to capitalise on the emerging trade opportunities arising from the conclusion of free trade agreements (FTAs) with the United States, Singapore and Thailand. A key priority will be implementing the two new bilateral Trade and Economic Frameworks with China and Japan, including undertaking a joint feasibility study into a possible FTA with China, and developing further our trade and economic linkages with the Republic of Korea. Through the Asia-Pacific Economic Cooperation (APEC) forum, the portfolio will work to promote free and open markets multilaterally and in the region and to secure trade and investment against terrorism and other security threats.

The portfolio will continue to work towards achieving the Government's goal of doubling the number of Australian exporters by 2006. Austrade will partner with industry associations, regional development organisations and state and territory governments to deliver the TradeStart programme, which provides increasing numbers of Australian businesses with access to the resources, advice and expertise to help them realise their export potential. Providing assistance to new and existing exporters seeking to establish new markets in other parts of the world will also continue to be a priority for the portfolio. Austrade's New Exporter Development Programme will offer a package of free services to potential exporters. The Export Market Development Grants Scheme will provide financial support for Australian exporters to promote their products and services.

Through EFIC, the portfolio will ensure Australian exporters and Australian companies investing in projects overseas have access to internationally competitive finance and insurance services. In 2003, EFIC completed the sale of its short-term export-credit insurance business to Atradius Credit Insurance NV, a private-sector insurer - after a period during which EFIC operated in alliance with the insurer. The alliance confirmed that the needs of Australian exporters are better served by private-

sector export-credit insurers. The portfolio has established a short-term credit-insurance safety-net facility through EFIC, which could be activated by the Government to enable provision of export-credit insurance in extreme circumstances where the private-sector insurers are unable to meet exporter needs. EFIC will continue to provide a range of financial facilities for exporters of all sizes, including loans, guarantees, political risk insurance, medium-term payments insurance, working-capital guarantees and advance payment and performance bonds. Over the coming year, EFIC will have a particular focus on the needs of small-to-medium sized exporters. The portfolio will continue to advise on, and manage, the use of the National Interest Account to provide support for transactions that are in the national interest and where private-market or EFIC support is not available.

The portfolio will advance and defend Australia's interests on global issues, including in engagement on international environment issues, particularly climate change. Australia's presidency of the Commission for Human Rights in 2004 will provide opportunities to protect and promote human rights. The portfolio will continue to work for reform of the UN, including by contributing to the UN Secretary-General's high-level panel on reform. The portfolio will also continue its contribution to the Government's efforts to combat people smuggling and trafficking.

The development cooperation programme will contribute to whole-of-government efforts to address instability and poor governance in the South Pacific, particularly through the Regional Assistance Mission to Solomon Islands and the Papua New Guinea Enhanced Cooperation Programme. In East Asia, the development cooperation programme will also continue to work with regional organisations and international partners to address issues that impact on regional growth, in particular trade liberalisation, regional economic integration, and countering the risk of terrorism and other trans-boundary challenges. Increased funding will be provided to Indonesia for improved economic management, legal reform and enhancing the delivery of basic education through secular and Islamic schools. Significant additional resources will be provided for international humanitarian and reconstruction programmes, especially to Iraq, Afghanistan, Africa and Sri Lanka. Additional resources will be devoted to arresting the spread of HIV/AIDS in the Asia Pacific and the sustainable management of water resources.

ACIAR will increase project funding to Papua New Guinea and Pacific Islands, including through a suite of projects to deliver more sustainable management approaches to wild capture and aquaculture fisheries in the Pacific. On behalf of AusAID, ACIAR will continue to administer a project rebuilding farming capacity in Afghanistan. Larger programmes will also be undertaken in Cambodia, Indonesia, the Philippines and Vietnam with greater co-funding from more developed countries and an increased focus on projects in South Asia and Africa.

The portfolio will continue to provide high-quality consular and passport services to Australians travelling and living overseas, including through the network of overseas posts and honorary consuls, the 24-hour Consular Emergency Centre, and cooperative

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arrangements with other countries. It will build on the successful start to the 'smartraveller' public awareness campaign to increase awareness of security and other risks overseas. Research and development on the use of facial biometric identifiers in passports will be taken forward.

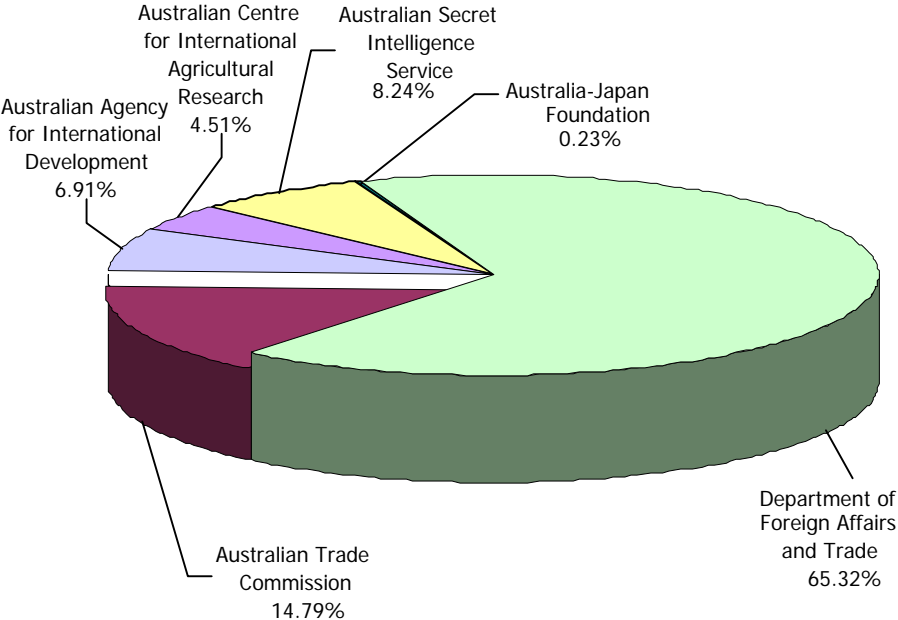
In promoting Australia internationally, the portfolio will emphasise a positive, accurate and contemporary image. It will continue to consult the Australian community as part of its policy formulation process and seek to increase public awareness of foreign and trade policy, particularly highlighting the benefits of trade.

The AJF will encourage a closer relationship between the peoples of Australia and one of our most important bilateral partners, Japan. The AJF's priority in 2004-05 will be the expansion of information in Japanese about Australia. A major focus will be the completion of new project material for Japanese junior high schools, to be launched during the 2005 World Exposition in Aichi, Japan.

**Chart 1: Administered appropriations for agencies in the portfolio**



**Chart 2: Departmental appropriations for agencies in the portfolio**



**Map 1: Structure of portfolio outcomes**

