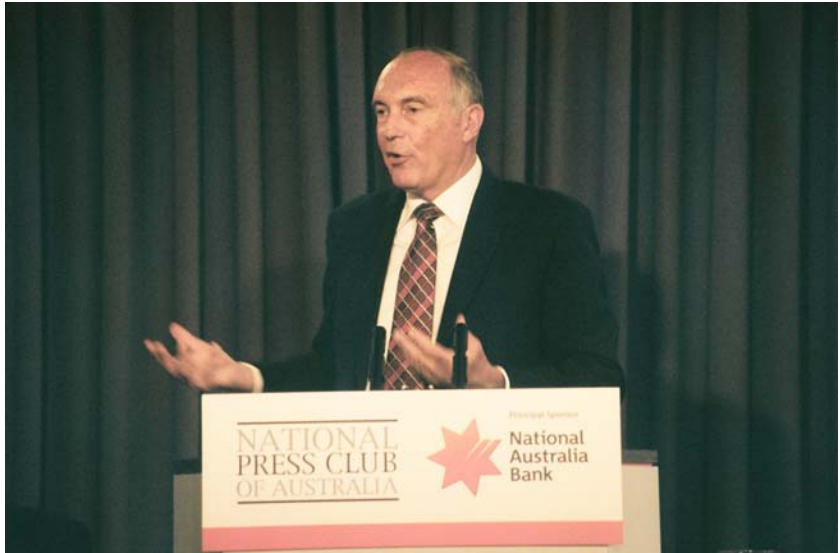


# Launch of the Trade Statement 2007

On 13 June, the Minister for Trade, Warren Truss, launched the Trade Statement 2007 at the National Press Club. In launching the statement, Mr Truss highlighted Australia's record exports in 2006, how all Australians benefit from trade, the Government's commitment to helping exporters succeed in global market, including through a highly active and ambitious trade agenda covering the World Trade Organization negotiations, the pursuit of high quality free trade agreements and Australia's hosting of APEC in 2007.

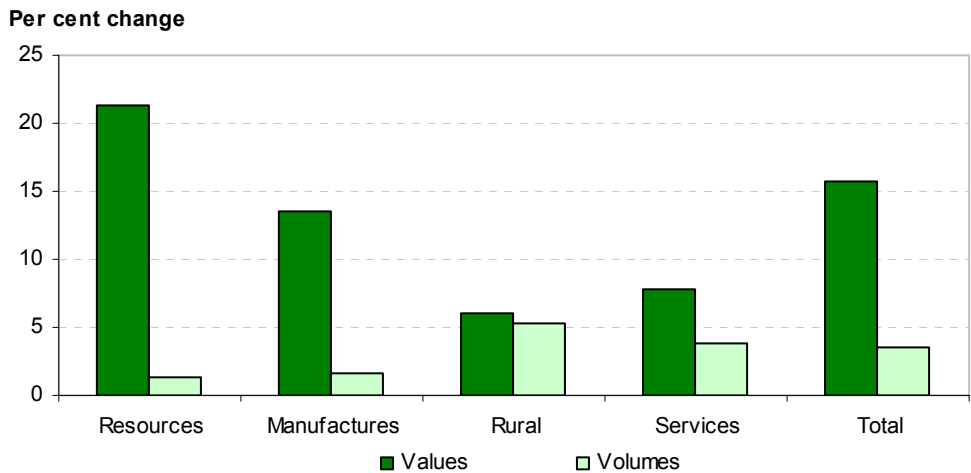


Minister for Trade, Warren Truss, at the National Press Club 13 June 2007.

In his address to mark the launch of the Trade Statement 2007 at the National Press Club, Mr Truss said that Australia's strong trade performance in 2006 was because the Government's policies, including major economic reforms, had created the right climate for Australian exporters to make the most of rapidly growing opportunities in the global economy.

Australia's exports in 2006 were the highest on record at \$210 billion, more than double the level in 1996. Nineteen of our top 25 exports reached record export values and the trade deficit narrowed by \$5.1 billion to \$11.6 billion.

**Figure 1: Change in the value and volume of Australian exports 2006**



Source: ABS catalogue no 5302.0.

Mr Truss highlighted the benefits that trade is delivering for all Australians, including more wealth and better jobs. Through trade, business and consumers have greater choice and more affordable access to the best the world has to offer. Trade has also contributed in part to Australia experiencing the lowest level of unemployment in 33 years, for example international education exports support over 50,000 jobs.

Many of our industries that were once focused predominately on the local market are now trading vigorously in world markets. Our world-class exports include tourism, car manufacturing and medicines, in addition to resources and rural exports. In 2006, a record number of short-term visitors came to our shores and we exported around 40 per cent of Australian-made passenger motor vehicles. We also have one of the world's largest influenza vaccine manufacturing facilities in Melbourne that exports to multiple markets around the world.

The Government is opening doors for Australian exporters. Programs and facilities offered by Austrade and the Export Finance and Insurance Corporation (EFIC) are encouraging more businesses to become sustainable exporters in an increasingly globalised marketplace.

In the past financial year, Austrade helped 16,000 clients and more than 5,000 companies to generate around \$18 billion in export sales. EFIC supported over \$4 billion in exports and investments over the past five years.

In May, the Government announced the Industry Statement, which provides \$254 million to help

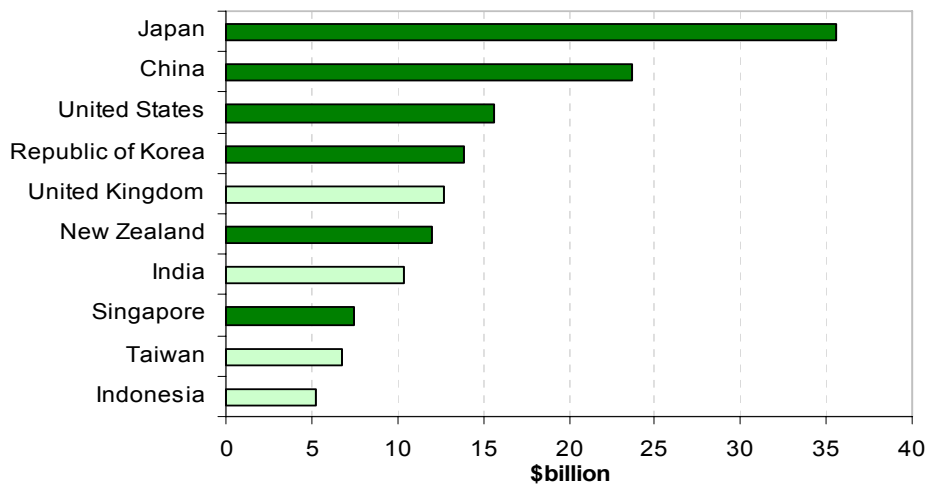
small and medium-sized enterprises (SMEs) identify global supply opportunities and bid for work on major international projects. Another \$350 million will be used to establish Australian Productivity Centres, which will help manufacturing and services companies improve and measure their performance against the world's best. EFIC's mandate was also broadened to enhance its support for Australian SMEs wishing to establish global supply and distribution chains.

The Government is active in trade diplomacy to build export markets through enhanced market access. The Trade Statement 2007 reinforces that Australia's export success is pushed along by the Government's leadership in world trade fora and the pursuit of high quality FTAs.

Australia continues to play an important role in the Doha Round of World Trade Organization (WTO) trade negotiations. The successful conclusion of the Round remains the Government's top trade policy priority.

At a meeting of the G6 in New Delhi in April this year, Mr Truss agreed with the trade ministers of Brazil, India, the EU, the US and Japan that we should aim to complete the Round this year. Another meeting of the G6, a meeting of the Cairns Group in Lahore and of 18 of the world's trade ministers in Paris, plus many one-on-one discussions followed. More are scheduled in Cairns and Sydney in the context of the meetings of the Asia-Pacific Economic Cooperation (APEC) forum.

**Figure 2: Top 10 export markets 2006**



■ Countries Australia has an FTA with, or is in the process of negotiating, or undertaking a study on a possible FTA (Australia and the Republic of Korea have agreed to conduct a joint non-government study on a possible Free Trade Agreement). Indonesia is a member of ASEAN.

Source: ABS trade data on DFAT STARS database and ABS catalogue no 5368.0.

The Government also aims to achieve FTAs that are comprehensive and provide liberalisation across all sectors. The FTAs concluded by the Government and those being pursued account for more than 60 per cent of Australia's total trade and six of our top ten export markets. FTAs offer the prospect of quicker and more extensive gains with individual or groups of countries than can be achieved through the WTO.

Earlier this year, the Government commenced FTA negotiations with Japan, Australia's largest export market for 40 years. Even the lower end of GDP gains from an FTA with Japan would equate to \$39 billion over 20 years. Negotiations began positively, with all products and issues on the table at the outset.

Market access negotiations for goods, services and investment began with China in early December 2006. China was Australia's second-largest goods export market and third-largest services market in 2006. No timeframe for final agreement has been set. For Australia, the quality of the outcome and accommodation of both countries' sensitivities will be crucial.

The Government expects to hold the first substantive round of negotiations with the Gulf Cooperation Council (GCC) in July 2007. The GCC is by far Australia's largest automotive export market. It received around 69 per cent of our vehicle exports in 2006 valued at \$2.2 billion, compared with \$129 million in 1996.

The Government is also negotiating an FTA with the ten Association of Southeast Asian Nations (ASEAN) countries, jointly with New Zealand. In total, ASEAN is a larger trading partner for Australia than any single country.

An FTA with ASEAN will complement existing bilateral trade agreements (including with Singapore and Thailand), and the outcome of current bilateral negotiations with Malaysia, by securing regional commitments.

Preparatory talks are under way with Chile, in addition to joint studies with the Republic of Korea, which was Australia's fourth-largest export market in 2006, and Mexico.

This year Australia is hosting APEC. The meetings will provide Australia with an opportunity to showcase our economy and society and to shape APEC into the future. Our year as host will culminate in the meeting of Leaders on 8-9 September in Sydney.

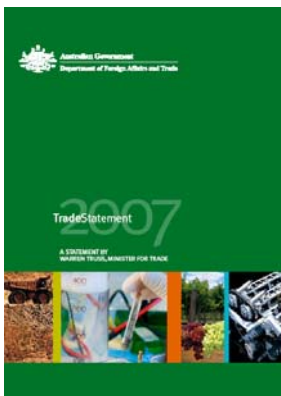
APEC's most important objective is to enhance and sustain the dynamism of the region in order to increase the prosperity and security of its peoples. The steady rise of a new consumer middle class across the Asia-Pacific offers tremendous opportunities, including for Australia. APEC accounts for nearly 70 per cent of Australia's total trade.

"We should not assume that these rewards are easy to reach", Mr Truss said. "Our prosperity relies on careful management and prudent economic policy; an active and ambitious trade policy and a foreign policy that sets out a vision of where a country should be, how it should be placed and how we get there".

In concluding his address, Mr Truss commended the Trade Statement 2007 as a report on a year of achievement and progress for Australia's exporters.

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The *Trade Statement* is produced by the Department of Foreign Affairs and Trade. *Trade Statement 2007* is available from the Department's Trade and Economic Analysis Branch (phone (02) 6261 3114) or free on line at [www.dfat.gov.au/trade/trade2007](http://www.dfat.gov.au/trade/trade2007).