



## Doing Business in Australia: 2012 Country

### Commercial Guide for U.S. Companies

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# Doing Business in Australia 2012

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## Market Overview

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Note: As of December 2011 **A\$1.00 = US\$1.00**

- Total U.S.-Australia bilateral trade in 2011: US\$49.8 billion
- U.S. merchandise exports to Australia: US\$24.854 billion (not include Dec)
- U.S. services exports to Australia: US\$11 billion
- Australia's rank as a U.S. export market in 2012: 13th largest
- Principal U.S. exports to Australia in 2012: see Chapter 4
- Australia-U.S. Free Trade Agreement (AUSFTA) elimination of tariffs provided new market opportunities for U.S. companies.

Australia is the world's 13<sup>th</sup> largest economy, with a GDP of almost US\$1.4 trillion. It is the fourth largest economy in the Asia-Pacific region and is forecast to grow at 3.25% in both 2011-12 and 2012-13. Australia's per-capita GDP of US\$60,000 is among the highest in the world. The economy has recorded 20 years of uninterrupted annual growth to 2011 and now enjoys the highest terms of trade in 140 years. Growth in commodity exports to Asia buoyed Australia through the GFC although it has impacted adversely on manufacturing because of the strong Australian dollar.

The economic outlook for Australia is favorable, led by private investment in mining and commodity exports to emerging Asia, including China. Australia's economic stability has been supported by prudent fiscal policy and ongoing structural reforms, with unemployment currently at 5.1% and government net debt only 8% of GDP. Recent controversial reforms include a carbon tax (from 1 July 2012) and a proposal for a mineral resources rent tax, which is expected to pass Parliament this year.

In 2010, Australia exported more than US\$210 billion worth of merchandise goods and imported around US\$202 billion worth of merchandise products, respectively the 15th and 13th largest globally. The United States is an important economic partner for Australia, standing as its third largest trading partner as well as largest source of foreign investment and primary destination for Australian investment. In 2010-11, Australia recorded a total trade surplus of A\$22 billion in 2010-11, a marked turnaround on the A\$3 billion deficit of the previous year.

The Australia-U.S. Free Trade Agreement (AUSFTA) came into effect in 2005 and bilateral goods and services trade increased by 52% to US\$50 billion in 2010. Over this period, U.S. goods exports to Australia grew 56% to \$22 billion and the trade surplus

expanded by 87% from US\$11.1 billion to US\$20.7 billion. The stock of Australian direct investment in the United States rose by 20% in 2010 to US\$49.5 billion. Australia was the tenth largest investor in the United States in 2010.

The Australian financial system remained resilient throughout the GFC and Australian banks have rebounded. The four largest are now among the world's 11 remaining AA rated banks. The Australian stock market is currently the largest liquid stock market in the Asia-Pacific region (ex-Japan) and ranks sixth in the world, with a total market capitalization of US\$1,136 billion. The market capitalization of floating stocks in Australia is more than double that of Hong Kong (US\$480 billion) and more than four times larger than that of Singapore.

Australia has a large services sector (80% of GDP), but is also a significant resources, energy and food exporter. Australia's abundant and diverse resources attract high levels of foreign investment and include extensive reserves of coal, iron ore, copper, gold, natural gas, uranium and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon LNG project led by Chevron, will significantly expand the resources sector. Currently there is a vast investment pipeline of around \$430 billion – equivalent to 30% of nominal GDP. However, with the high dollar, trade exposed industries outside the resources and energy sector have come under great pressure.

- We advise American firms examining the Australian market to pay attention to macro measures of opportunity, which give it more purchasing power relative to that in less-developed economies. Along with the Free Trade Agreement, the case for entering or expanding in the Australian market is stronger than the population of 23 million might suggest, particularly with the strong Australian dollar stimulating greater demand for U.S. products and services.
- Australia's relative market appeal remains convincing, with few barriers to entry, a familiar legal and corporate framework, sophisticated consumer and industrial sectors, and a straightforward, English-speaking business culture. The Australia-U.S. Free Trade Agreement enhanced the long and successful trading relationship by eliminating tariffs on almost all U.S. manufactured and agricultural goods.
- We believe 2012 will continue to show demand for American companies with innovative products and technologies in the Australian market. We invite you to contact us to help you analyze and execute your objectives for the Australian market.

## Market Challenges

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- **Competitive Market:** Australia's distance from the rest of the world, large land area, and relatively small population led to market dominance by a few large firms in certain sectors.
- Australia is integrated into the world economy and remains a commercial and financial center for the region. American companies will find that Australian and third-country competitors in Australia have some long-established brands with strong reputations and existing supplier relationships.

- Australia has ready access to Asian and other, low-cost producers. American firms must therefore demonstrate sufficient added value to overcome the costs of getting the product to market, and to compete.

## **Market Opportunities**

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The top performing export sectors from the US to Australia during 2011 were:

Machinery, Vehicles, Optical and Medical Instruments, Electrical Machinery, Pharmaceutical Products, Precious Stones, Plastics, and Chemical Products.

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- Successful market entry strategies for Australia have three common elements: understanding the market, selecting the optimal partner, and providing ongoing support to that partner in the market.
- A common language and familiar business framework may lead Americans to overlook Australia's cultural and market differences. It is vital to first gain an understanding of the Australian context for a product or service, its competitors, standards, regulations, sales channels, and applications.
- Success in the Australian market often requires establishing a local sales presence. For many American exporters this means appointing an agent or distributor. The bounds of that appointment are negotiated, and may include only certain states of Australia, the entire country, or New Zealand as well. An increasing number of businesses and investors see Australia as a secure platform from which to serve third markets in Asia.
- The distance from many of their trading partners and the sheer size of the Australian continent - comparable to the continental U.S. - causes Australian firms to stress the importance of local support and service. American companies should visit Australia both to meet prospective partners and demonstrate ongoing support, as this is the common practice of their competitors.
- Most of the criteria American firms use to select agents or distributors are applicable to Australia, with expectations adjusted to the scale of the market given the population of 22.7 million. Performing due diligence is just as important as in the United States, and we offer numerous resources to assist in that work.

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## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2698.htm>

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## Chapter 3: Selling U.S. Products and Services

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### Using an Agent or Distributor

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The following describes the distinctions between a sales agent or representative and distributor as understood in the Australian context. While this report is produced for the benefit of U.S. companies, we use the term 'foreign company' because it applies to third country companies as well.

#### Sales Agents

Sales agents or representatives solicit business for a foreign company and serve as a conduit for purchase agreements. In most cases, a sales agent does not have the power to negotiate terms, or to finalize the sales contract. Instead, the sales representative forwards the contract to the foreign company that either accepts, rejects, or proposes modifications. The sales representative, nonetheless, is considered to be an agent of the foreign corporation, and under the general laws of agency, the foreign corporation may be liable for the actions of its agent.

Agents assume a number of duties and obligations once a representation contract with a foreign company is finalized, including adherence to the principal's instructions, good faith in the interests of the principal, and maintenance of proper accounts. The agent retains the right to remuneration and the right to an indemnity for liabilities or losses incurred due to improper termination. Australian law, however, has not required indemnity payments.

Parties may stipulate specific causes for termination in the agreement. Either party may terminate the agreement upon receipt of reasonable notice of termination. Although no

specific time period exists which defines a reasonable notice period, courts may take into consideration the nature and length of the contract when determining whether reasonable notice was given.

## **Distributors**

A distributor acts as an independent contractor, purchasing products from the foreign corporation and distributing them to wholesale buyers or sometimes to retailers. Generally, a foreign corporation cannot restrain a distributor from selling competitors' products. Because distributors are not considered to be an agent of a foreign corporation, however, a foreign company is not bound by the acts of a distributor. Australian distributors often ask for exclusive geographic rights to market a foreign corporation's products. Because of the size of the market, these rights often cover several states or are nationwide.

American companies can choose to have Australian or U.S. law govern their contracts when drafting an agreement. The choice of jurisdiction does not, however, preclude the application of mandatory provisions in Australian law. Without a stipulation of law, Australian courts will apply the law of the jurisdiction where the agent or distributor works, that is, Australian federal law and appropriate state and local law. Notification of agent/distributor appointments should be submitted in writing to satisfy various state jurisdictional laws, especially when they last for more than one year or include terms for commissioning the agent. Either fixed or indefinite-term contracts may be employed. Repeated renewal of fixed-term contracts will not cause the contract to achieve indefinite-term status.

Foreign companies providing consulting and other services in Australia may be required to register for an Australian Business Number (ABN). Registration will depend on the value of the consulting service and whether that service is provided in Australia. U.S. firms can register online at: [https://abr.gov.au/ABR\\_BC/](https://abr.gov.au/ABR_BC/). Foreign companies exporting products (as opposed to providing services in the market) do not require an ABN number.

By registering for an ABN, the Australian Tax Office is able to ensure that the Australian customer will pay GST on the services it receives. The invoice issued to the Australian customer should include a GST component. In fact, the customer pays the GST that the vendor in turn, pays the Australian Tax Office.

The U.S. Commercial Service in Australia provides a range of services to help American companies identify, qualify, meet and select potential agents or distributors. American companies can arrange these services directly or through their local U.S. Department of Commerce Export Assistance Center (EAC) in the United States. More information can be found later in this report.

## **Establishing an Office**

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The Australian Securities and Investments Commission (ASIC) is the national authority responsible for the administration of companies and securities law throughout Australia. ASIC provides a nationwide system for the registration and regulation of companies, securities, and futures markets. The requirements for starting a business are uniform in

each state, and the same rules apply for local and overseas companies. While companies are registered with ASIC, each state registers individuals doing business under business names.

Australian business practices are similar to those in the United States. Establishing a business in Australia, either singly or in partnership with a local company, is relatively straightforward, and a foreign company can choose from a range of business structures. The most common forms of business organizations are representative offices, branches of parent companies, subsidiaries, sole traders, partnerships, trusts, companies, and joint ventures. Overseas investors may set up an operation using any of these forms, irrespective of the business structure they have elsewhere.

Most significant businesses operating in Australia are incorporated as either private or public companies. Under the Corporations Law, the entity is registered automatically as an Australian company, upon its registration with ASIC, enabling it to conduct business throughout Australia without further registration in individual states or territories. Local companies may be fully controlled by foreign owners. All registered companies must conform to Australian company law administered by ASIC, covering accounting, financial statements, annual returns, auditing, general meeting requirements, and the necessity to maintain a registered office open to the public.

A private company is the most typical structure for an overseas investor if it is to be a wholly-owned subsidiary of a foreign company and if public offering of shares is not intended. The regulations that apply to a private company are simpler and less costly than those applicable to a publicly-traded company. A private company may be converted into a publicly-traded company at any time.

Branch offices of overseas companies are established in Australia by registering the overseas corporation as a foreign company under Australia's Corporation Law. A branch office does not require directors to be Australian residents but must have a registered office address and a statutory agent responsible to fulfill the requirements of the Corporations Law. The branch will be assigned an Australian Registered Body Number (ARBN), which must be shown with the corporation's name on public documents. In addition, if a business in the U.S. has an office in Australia, that office will be required to register for an Australian Business Number (ABN) under the Goods and Services Tax (GST) introduced on July 1, 2000.

Information on the GST and its impact on foreign companies with or without operations in Australia, and the ABN application process can be found on the websites of the Australian Taxation Office (<http://www.ato.gov.au/businesses/>) and the Australian Government's Business Entry Point (<http://www.business.gov.au/Pages/default.aspx>).

While establishing an office is fairly straightforward, we encourage U.S. companies to obtain expert legal and financial advice, readily available from Australian and multinational providers. Nominal costs for company incorporation include: filing fees payable to ASIC, legal costs for preparing the charter and bylaws, and registration. Application forms are available from ASIC Business Centers in any Australian state (<http://www.asic.gov.au>) and can be filed in any city.

Franchising is well established in Australia with more franchising outlets per capita than any country in the world, and three times more per capita than in the U.S. The sector is considered both a large and mature sector contributing 9 percent of Australia's GDP or USD 128 billion dollars. There are over 1,000 business format franchise systems currently operating in Australia.

The effect of the economic downturn on franchising is slight. The sector has equalized whereby successful units continue to flourish. As a result, the number of franchisees in Australia adjusted to over 69,000 units.

The best opportunities for franchising in Australia are within the retail non-food industry which accounts for 26 percent of franchisors (24 percent of franchise units involved in retailing).

There is potential within the accommodation and food services (including food retail, fast food and coffee shops) which equates to 16 per cent of franchisors. Opportunities exist within food retail where the overall concept is to promote health and well-being along with a variety of niche food service options. Food niches include regional food concepts such as Tex-Mex and southern cooking.

The administration and support services category follows next, and includes travel agencies, domestic and industrial cleaning, and garden services. This sector accounts for 15 percent of franchising activity and represents five per cent of franchise units.

A recent survey undertaken by Griffith University suggests that Western Australia (WA) and Queensland (QLD) are leaders as the most profitable states for franchising. Many of the largest and most successful chains in Australia today have American origins.

A total of 91 percent of franchise systems are home grown, and, on average, Australian franchises have been operating for 15 years, and franchising for 11 years. To be successful, franchisors must be flexible to "Australianize" their systems in order to suit the local market.

#### Legal Requirements:

The Australian franchise industry is heavily regulated by the Australian Competition and Consumer Commission since 1998 when it enacted a Franchising Code of Conduct in the *Competition and Consumer Act*. The mandatory 'Code' was created to assist the ongoing relationship between the franchisee and franchisor. This code seeks to cover issues which include the disclosure of the pertinent information regarding the Franchisor, conditions contained within the Franchise Agreement, and complaint handling, and dispute resolution procedures.

In July 2010, the Australian Federal Government enacted a number of amendments to the Franchising Code of Conduct. These amendments include a disclosure document which must comply with the amended code. As a result, franchisors need to provide additional disclosure including: franchise failure; payments to third parties; significant capital expenditure; legal costs; notice of renewal and dispute resolution.

It is important to note that the State Governments of South Australia and Western Australia are considering proposals of implementing their own legislation to complement the existing Federal Government legislation to further regulate the Franchising sector.

The Franchise Council of Australia (FCA) is the peak body for the \$128 billion franchise sector in Australia. It represents franchisees, franchisors and service providers in the sector. This organization has analyzed the amended regulations above and provides a detailed analysis for consideration.

Franchise Council of Australia (FCA): <http://www.franchise.org.au>

Australian Competition and Consumer Commission: <http://www.accc.gov.au>

Franchising Code of Conduct:

<http://www.innovation.gov.au/SmallBusiness/CodesOfConduct/Pages/FranchisingCodeofConduct.aspx>

## **Direct Marketing**

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Advancements within the telecommunications industry and technological developments associated with database applications have resulted in significant growth in the direct marketing industry.

While the current global economic crisis dented consumer spending, recent decreases in the official interest rate and a government financial household stimulus package lifted consumer confidence and minimized the effects of the economic crisis in 2009. The director of an online direct marketing company in Australia recently advised that marketing firms must be able to target advertising campaigns on a tighter group of prospects in order to overcome the difficult economic climate this year.

Estimated spending on direct marketing is US\$17 billion. As with most forms of advertising, direct marketing is becoming saturated in the marketplace and competition for the consumer's attention is increasing.

A wide range of communication facilities are used in this competitive industry. This includes telephones (telemarketing), mail (catalogs/direct mail), traditional broadcast and print media (direct response advertising via television, radio, newspapers, and magazines) and electronic media (the Internet). Telemarketing and mail are the two biggest sectors of the direct marketing industry. However, in August 2008 a poll carried out by the Direct Marketing Association illustrated that marketing via SMS could replace existing mail strategies. The results of the poll revealed that 24 percent of Australian consumers had responded to an advertisement text message.

In response to community concerns and complaints about unsolicited direct marketing calls to private telephones, the Australian government introduced the Do Not Call Register in May 2007 for those consumers who want to opt out of receiving calls from telemarketers. Organizations exempt from adhering to the Do Not Call Register regulations include charities, government bodies, religious groups, educational institutions, and registered political parties. Business telephone and fax numbers at present cannot be listed on the Register. In August 2008, the Australian government

called for submissions into an inquiry to extend the Register to include either all or only small business numbers. The Australian Direct Marketing Association has stated that attempts to expand the coverage of the Do Not Call Register to businesses will jeopardize employment in the call center industry, as well as impede normal business commerce. At the end of October 2008, 2.62 million private numbers were on the Register. This could benefit companies that conduct direct mail campaigns, because those firms do not have to abide by as many regulations as telemarketers.

Commercial electronic messaging (emails, SMS, MMS, or similar) is regulated in Australia under the Spam Act. Such messages must be sent with the recipient's consent and identify the person or organization that authorized sending the message. Commercial electronic messages must also contain a functional 'unsubscribe' facility to allow the recipient to opt-out from receiving messages from that source in the future.

Australian legislation banned the commercial sale of email addresses, and businesses have been forced to draw on their own resources to build email marketing databases. Internet marketers find these email marketing database systems to be an inexpensive and efficient way to reach customers. These new database systems have also leveled the playing field for small businesses that would like to inform customers about the company's new deals.

The Australian Direct Marketing Association (<http://www.adma.com.au>) is Australia's principal body for information-based marketing and represents more than 500 member organizations. ADMA works closely with government, consumer, and industry groups on the development of codes of practice for direct marketing.

## Joint Ventures/Licensing

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Joint ventures (JV) are a common feature of Australia's commercial and legal environment. Broadly similar to U.S. practice, joint venture forms in Australia include:

**Unincorporated Joint Ventures.** The rights and obligations of these joint venture parties are set out extensively in the JV documents. An unincorporated JV is sometimes more suitable for a single project or business venture, for example, in sectors like the mining and oil and gas industries. The joint venture document is usually drafted in such a way as not to reflect a partnership for certain tax advantages and also to avoid the application of partnership laws in areas such as joint liability to the joint venture.

**Incorporated Joint Ventures.** This usually involves the joint venture parties' conducting their business through incorporation of a JV company or trust. The parties commonly set out their respective rights and obligations in a shareholder or unit holder's agreement to resolve any dispute not regulated by the Corporations Law or the constitution of the company or trust.

Unit Trusts are devices that enable the separation of legal and beneficial interests in assets and the income derived therein. In a joint venture situation, the participants wish to insure that their entitlements are fixed rather than discretionary. A unit trust is a legal entity in which the entitlement of beneficiaries is expressed in units relative to the total number of fixed units.

Limited Partnerships are creations of statute. They remain partnerships of general law and, therefore, do not give rise to the existence of separate legal entities. A limited partnership structure requires at least one general partner to have unlimited liability and partners whose liability is limited to the extent of their investment in the partnership. Limited partnerships are rarely used in Australia.

Hybrid Forms comprise elements of each of the foregoing. They can also be created to suit the needs of the particular participants. For example, one participant in an unincorporated joint venture could be the trustee of a unit trust, while one shareholder in an incorporated joint venture could also be the trustee of a unit trust.

**Licensing:** Australian industry is known for its practical approach to problem solving. In this context, the role of licensing is of particular importance for Australian commerce and industry. The common language and cultural similarities make negotiation and understanding easier.

License agreements involving Australian companies should contain the usual terms one would find in a license in the United States, for example, type of license being granted (i.e., sole, exclusive or non-exclusive), territory covered, license fee or royalty, licensee's duties and obligations, period of grant and field use of the technology involved, maintenance of quality control, ownership rights in improvements and innovations made by licensee, warranties and indemnities, technical assistance and confidentiality, sub-licensing and assignments, and termination.

On the whole, there are few legal and administrative requirements governing the field of licensing in Australia. Exclusive licenses of patents, copyrights and other statutory rights require compliance with certain minor formalities. The Trademark Act of Australia provides for the registration of licensees (or 'users', as they are called in the legislation.)

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Australia is the only major industrialized country that is not a signatory to the multilateral WTO Agreement on Government Procurement (GPA). As a consequence, Australia is not bound by the GPA's rules on open and non-discriminatory policies in government procurement.

The Trade Agreement between the U.S. and Australia (AUSFTA) commits Australia to open its federal and state government procurement market to U.S. suppliers at all levels and eliminate discriminatory preferences for most domestic suppliers.

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Distribution channels in Australia tend to be more generalized than those in the U.S. This is primarily due to Australia's relatively small population and industrial base. In most cases, Australia's distribution and sales channels are comparable to those in other industrialized countries. U.S. exporters commonly use importers, distributors, agents, wholesalers, and manufacturers' representatives.

Foreign companies also export directly to end-users and this method is often observed where equipment is manufactured on a custom or one-off basis. Many large retail chains, including department stores and supermarkets, can purchase in bulk rather than using traditional wholesale channels.

## **Selling Factors/Techniques**

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Before entering the market, prospective exporters to Australia should evaluate their selling techniques thoroughly to ensure that they are appropriate to the market, and that there is sufficient demand for the product/service in Australia. An effective way to evaluate the situation is to do some basic market research and follow through with a personal visit. There is no substitute for a first-hand investigation and knowledge.

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Australian's are early adopters of high-tech electronic equipment, making the local market attractive for U.S. vendors of IT products and services. Australia provides a robust regulatory framework that facilitates the use of e-commerce platforms.

According to the Australian Bureau of Statistics (ABS), there were approximately 10.9 million active internet subscribers at the end of June 2011. Nearly 95 percent of these connections are non dial-up, with 87 percent of all access connections offering a download speed of 1.5 Mbps or greater. By far the fastest growing technology is mobile wireless, with 4.8 million subscribers in June 2011, an increase of 14.28 percent from December 2010. Banks, and airlines have been riding at the crest of this wave, and have been quick to introduce mobile applications to access bank accounts, mortgages, as well as make flight bookings, and generate electronic tickets.

### **Australian Internet Subscribers June 2011**

By Millions of subscribers

Broadband	9.74
Dial-Up	0.7
Total	10.44

Source: Australian Bureau Statistics

Approximately 44 percent of broadband users utilize DSL technologies falling from 57 percent in June 2009. Over the last six months, wireless technologies have increased 21.7 percent with over 3.5 million subscribers at the end of June 2010.

### **Australian Broadband Technology Market**

<u>Technology</u>	<u>Market Share</u>
DSL	41%
Cable	8% (estimate)
Wireless	44 %
Satellite	1%
Fiber	0.3 %

Source: Australian Bureau of Statistics

The Australian Government has implemented legislation to protect consumers in an online environment. The Electronic Transactions Act states that electronic documents are as legal as traditional paperwork, this is a key component of the government's legal framework for the electronic environment. The Privacy Act also places strict guidelines about how companies can collect and use data.

## Trade Promotion and Advertising

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U.S. companies can promote their products by advertising in *The Australian Financial Review*, the financial sections of the major newspapers, industry magazines, and trade association newsletters. Direct mail campaigns can be a valuable part of a marketing strategy if the U.S. company has established local fulfillment capabilities.

Direct mail campaigns launched from the U.S., without a local Australian presence, generally are not effective as a sole tactic. Companies should take note that households can also be placed on a "Do Not Mail List" that has been growing yearly.

Australia hosts a variety of trade shows and conferences each year. While not as large as some similar events in Asia or Europe, these can provide efficient access to Australian trade and industry buyers. The U.S. Commercial Service Australia organizes U.S. Pavilions at several Australian trade shows to introduce new American suppliers and raise the market profile of existing distributors of U.S. products and technologies. More information about these can be found on our website at <http://www.export.gov/australia>

A brief list of major newspapers, business journals, trade fair organizers, and other useful websites is featured below.

### Newspapers

The Australian	<a href="http://www.theaustralian.com.au/">http://www.theaustralian.com.au/</a>
The Australian Financial Review	<a href="http://www.afr.com/home">http://www.afr.com/home</a>
The Sydney Morning Herald	<a href="http://www.smh.com.au">http://www.smh.com.au</a>
The Age (Melbourne)	<a href="http://www.theage.com.au">http://www.theage.com.au</a>
The Canberra Times	<a href="http://www.canberratimes.com.au">http://www.canberratimes.com.au</a>
Courier Mail (Brisbane)	<a href="http://www.couriermail.com.au/">http://www.couriermail.com.au/</a>
Adelaide Advertiser	<a href="http://www.adelaidenow.com.au/">http://www.adelaidenow.com.au/</a>
The West Australian (Perth)	<a href="http://au.news.yahoo.com/thewest/">http://au.news.yahoo.com/thewest/</a>

### Business Journals

Business Review Weekly	<a href="http://www.brw.com.au">http://www.brw.com.au</a>
Margaret Gee's Australian Media Guide	<a href="http://www.crowncontent.com.au/mgeesmediaguide.html">http://www.crowncontent.com.au/mgeesmediaguide.html</a>
National Guide to Government	<a href="http://www.crowncontent.com.au/nationalguidetogov.html">http://www.crowncontent.com.au/nationalguidetogov.html</a>

### Trade Fair Organizers

Diversified Exhibitions Australia

(Formerly: Australian Exhibition Services)	<a href="http://www.divexhibitions.com.au/">http://www.divexhibitions.com.au/</a>
Reed Exhibitions Australia Pty. Ltd.	<a href="http://www.reedexhibitions.com.au/">http://www.reedexhibitions.com.au/</a>
Exhibition Management Pty. Ltd.	<a href="http://www.exhibitionmanagement.com.au">http://www.exhibitionmanagement.com.au</a>
DMG World Media Australasia	<a href="http://www.dmgworldmedia.com.au">http://www.dmgworldmedia.com.au</a>
Exhibitions & Trade Fairs	<a href="http://www.etf.com.au">http://www.etf.com.au</a>
Expertise Events Pty. Ltd.	<a href="http://www.expertiseevents.com.au">http://www.expertiseevents.com.au</a>

### **Other Useful Websites**

Australian Bureau of Statistics	<a href="http://www.abs.gov.au">http://www.abs.gov.au</a>
Australian Trade Commission	<a href="http://www.austrade.gov.au/">http://www.austrade.gov.au/</a>
Business Service Providers	<a href="http://www.export.gov/australia">http://www.export.gov/australia</a>
Commercial Service Services	<a href="http://www.export.gov/australia">http://www.export.gov/australia</a>
Department of Innovation, Industry, Featured U.S. Exporters	<a href="http://www.export.gov/australia">http://www.export.gov/australia</a>
Australian Yellow Pages	<a href="http://www.yellowpages.com.au">http://www.yellowpages.com.au</a>
Australian White Pages	<a href="http://www.whitepages.com.au">http://www.whitepages.com.au</a>

## **Pricing**

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Australia is a free-enterprise economy and basic market factors of supply and demand apply in product pricing. This competitive market requires that companies be price competitive, expect lower profit margins, and expect sales of minimum quantity. Some factors to consider are:

### **Selling Costs and Price Competitiveness**

Australia has a geographical area similar to that of the continental United States and a population of 22 million - comparable to the population of greater Los Angeles. In addition to Australian domestic supply, products from all over the world are represented in this sophisticated market, where sellers and end-users alike are all searching for something new. It is important for U.S. companies to adapt their pricing to the local market, which is active and highly-competitive.

To structure their prices competitively, suppliers must consider all the cost elements that imported products have to bear. The key factors are: freight rates; handling charges; import tariffs; goods and services tax (GST); marketing costs, such as advertising and trade promotion; and agent or distributor commissions. U.S. exporters should note that sea freight rates from the U.S. to Australia are high when compared with those from within Asia, and even from Europe.

### **Volume Buying/Selling and Discount Pricing**

Australian wholesalers and retailers traditionally have sought the highest markup the market would absorb, rather than thinking of volume buying or selling. This pattern is changing as open markets and the influx of franchises and other high-volume businesses have alerted the increasingly cost-conscious consumer to competitive discount sales and services. Suppliers need to be able to deliver quality products or services at attractive prices. To compete successfully, exporters should consider

granting maximum wholesale discounts, keeping in mind that what may seem to be a small transaction to the U.S. exporter appears as a major order to an Australian buyer.

Most Australian volume importers prefer to deal directly with manufacturers. They believe that it is cheaper to deal with the overseas manufacturer rather than sourcing from overseas distribution houses. Many consumers are making on-line purchases from the United States to avoid high local prices and the 10% GST (only applied on import values exceeding A\$1,000).

### **Industrial Pricing**

Factors of price, quality, reliability, and service support are prime considerations when selling industrial products or capital equipment. While price is certainly a major factor, a purchaser may decide to pay more for a piece of equipment known to be of a better quality and more reliable than a competing product. U.S. exporters must be prepared to negotiate on price or other aspects of the purchase.

In general, Australians are conservative when purchasing capital equipment to upgrade their manufacturing processes. They take time to make purchasing decisions, weighing them carefully against their perceived payoff to increase bottom line profits. If the bottom line does not appear to receive much gain from the purchase, they may simply delay their decision.

### **Price Controls**

As Australia is a free-market economy, there is little formal price control. The national regulator, the Australian Competition and Consumer Commission (<http://www.accc.gov.au>) has the power under the Prices Surveillance Act of 1983 and the Trade Practices Act of 1974, to investigate, vet or monitor the prices charged by businesses. These statutory pricing powers, which are designed to make particular businesses or industries publicly accountable for the prices they set, can only be employed where the Federal Government has authorized their use. The ACCC generally uses its pricing powers to examine prices charged by private businesses that hold substantial power in a market. The Commission's use of its inquiry and monitoring powers culminate in a public report and, where necessary, recommendations to the Government.

### **Sales Service/Customer Support**

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Generally, doing business in Australia is simple for U.S. exporters when compared with other foreign markets. Culture, language, and business practices are remarkably common. Subtle cultural differences do exist, however, that can either invigorate or undermine a business relationship. In their dealings, both Americans and Australians are wise to take the time and effort to confirm that their perceptions about roles and expectations are consistent with those of their counterparts.

Depending on the product or service to be exported, Australian agents/distributors expect support from their U.S. suppliers, including product warranty for a specified time, training, advertising, and promotion.

Timely delivery of goods, including spare parts, is expected and is rarely a problem, as major U.S. freight forwarders have offices in Australia. Air freight is used commonly for smaller items. Shipping schedules are reliable. Where necessary, U.S. firms should ensure that their representatives can service the imported equipment or that there are service arrangements in place.

## **Protecting Your Intellectual Property**

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Several general principles are important for effective management of intellectual property (“IP”) rights in Australia. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Australia than in the U.S. Third, rights must be registered and enforced in Australia, under local laws. Your U.S. trademark and patent registrations will not protect you in Australia. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Australian market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Australia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Australian law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Australia require constant attention. Work with legal counsel familiar with Australian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Australian- or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at <http://www.stopfakes.gov/>.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at <http://www.stopfakes.gov/>
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia and South Africa. For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: <http://www.stopfakes.gov/>
- This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Australia at:

Peter N. Fowler  
Regional IP Attache for Southeast Asia  
USPTO/Foreign Commercial Service  
U.S. Embassy Bangkok  
Room 302, GPF Witthayu Tower A  
93/1 Wireless Road  
Bangkok 10330, Thailand  
Tel: 662-205-5913  
Email: peter.fowler@trade.gov

## Due Diligence

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U.S. firms should exercise normal commercial prudence when doing business in the Australian market and are advised to perform due diligence on likely business partners and customers.

CS Australia provides the International Company Profile program, giving useful background information on an Australian firm including financial data, trade references, company size, marketing operations, and a listing of key officers. We will also visit the company premises to interview principals in the Sydney and Melbourne metro area.

Another avenue is the Australian Securities and Investments Commission (ASIC), <http://www.asic.gov.au>, a government agency that enforces and administers Australia's Corporations Law and registers all companies. For a small fee, ASIC can provide you with a "historical company extract" which will tell how long a company has been in business, whether it is registered, its principal place of business, a list of directors, and details about its share capital. ASIC can also advise on whether any of the directors have been disqualified.

## Local Professional Services

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The full range of professional services such as human resources, executive recruitment, legal, financial, and real estate exist in Australia, with a greater choice and concentration in metropolitan centers such as Sydney, Melbourne, Perth, Adelaide, Canberra, and Brisbane. For the benefit of U.S. exporters, the U.S. Commercial Service Australia maintains a list of firms known to us on our website under the heading Business Service Providers at: <http://www.export.gov/australia>.

## Web Resources

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Australian, The: <http://www.theaustralian.news.com.au>  
Australian Bureau of Statistics: <http://www.abs.gov.au>  
Australian Business Register: [https://abr.gov.au/ABR\\_BC/](https://abr.gov.au/ABR_BC/)

Australian Competition and Consumer Commission: <http://www.accc.gov.au>  
Australian Direct Marketing Association: <http://www.adma.com.au>  
Australian Financial Review, The: <http://www.afr.com.au>  
Australian Securities and Investment Commission: <http://www.asic.gov.au>  
Australian Taxation Office: <http://www.ato.gov.au/>  
ATO: Business Entry Point: <http://www.business.gov.au>  
Australian Trade Commission: <http://www.austrade.gov.au/>  
Business Review Weekly: <http://www.brw.com.au>  
Canberra Times, The: <http://www.canberratimes.com.au>  
Commercial Service Australia: <http://www.export.gov/australia>  
Courier Mail (Brisbane): <http://www.couriermail.news.com.au/>  
Dept. of Innovation, Industry, Science and Research: <http://www.innovation.gov.au>  
Diversified Exhibitions Australia  
(Formerly: Australian Exhibition Services): <http://www.divexhibitions.com.au/>  
DMG World Media: <http://www.dmgworldmedia.com.au>  
Exhibition Management Pty. Ltd.: <http://www.exhibitionmanagement.com.au>  
Exhibitions & Trade Fairs Pty. Ltd.: <http://www.etf.com.au>  
Expertise Events Pty. Ltd.: <http://www.expertiseevents.com.au>  
FedEx: <http://www.fedex.com/us/international>  
Featured U.S. Exporters: <http://www.export.gov/australia>  
Franchise Council of Australia: <http://www.franchise.org.au>  
Franchising Code of Conduct:  
<http://www.innovation.gov.au/SmallBusiness/CodesOfConduct/Pages/FranchisingCodeofConduct.aspx>  
IP Australia: <http://www.ipaustralia.gov.au>  
Margaret Gee's Australian Media Guide: <http://www.mediaguide.com.au/>  
National Guide to Government: <http://www.nationalguide.com.au/>  
Official Australian Yellow Pages: <http://www.yellowpages.com.au>  
Official Australian White Pages: <http://www.whitepages.com.au>  
Reed Exhibitions Australia Pty. Ltd.: <http://www.reedexpo.com.au>  
Sydney Morning Herald, The: <http://www.smh.com.au>  
West Australian, The: <http://www.thewest.com.au>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

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- [Automotive Parts & Accessories \(APS\)](#)
- [Biotechnology \(BTC\)](#)
- [Construction Machinery \(CON\)](#)
- [Cosmetics \(CON\)](#)
- [Franchising \(FRA\)](#)
- [Information Technology Services \(CSV\)](#)
- [Medical Equipment \(MED\)](#)
- [Mining Equipment \(MIN\)](#)
- [Oil and Gas Field Machinery \(OGM\)](#)
- [Renewable Energy \(REQ\)](#)
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- [Travel and Tourism \(TRA\)](#)

### Agricultural Sectors

- [Overview and Best Product Prospects](#)

## AIRCRAFT AND PARTS (AIR)

### Overview

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Unit: USD thousands

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	2124	3736	3922	4118
Total Local Production	2496	4572	4800	5040
Total Exports	624	1143	1200	1260
Total Imports	252	307	322	338
Imports from the U.S.	180	191	200	210
Exchange Rate: 1 USD	1.00	1.00	1.00	1.00

\*The above statistics are unofficial estimates.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

- Total Local Production: Unofficial Estimate
- Total Exports: Global Trade Atlas
- Total Imports: Global Trade Atlas
- Imports from U.S.: Global Trade Atlas

The Australian aerospace and aviation industry is a significant market for U.S. exporters. It is intrinsically connected with U.S. standards, suppliers, parts, and finished aircraft. U.S.-manufactured aircraft represents a sizeable proportion of the registered aircraft in Australia, ensuring a steady market for spares, accessories, and service. Other registered aircraft are manufactured in Australia, Germany, the U.K., and France. The Australian Civil Aviation Authority's acceptance of FAA certification standards strengthens the relationship between American aircraft and parts exporters and their Australian counterparts.

The Australian aerospace and aviation industry is a mix of small and medium enterprise (SME) subsidiaries that supply parts, engineering services, and expertise. Local firms specialize in repair, maintenance, airframe component manufacturing, airport systems, infrastructure, avionics, aero engine, and engine component manufacturing. A select group of specialists carries out commercial aircraft maintenance.

Australia is a primary market in the Asia Pacific region and a major distribution point for the region, offering opportunities for suppliers of quality aerospace products and services.

### Sub-Sector Best Prospects

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The commercial airline market sources major equipment directly from manufacturers and prefers to obtain OEM spares from approved suppliers. In Australia, Qantas leads the field in commercial aviation, followed by Virgin Australia. Opportunities in the aviation market include a range of products from avionics to ground support equipment. Best prospects remain in parts and components supplies for aircraft maintenance, repair, and

overhaul of U.S.-manufactured airplanes. With some exceptions, the Australian avionics industry is limited to the supply and installation of components rather than the design and development of high technology products. A significant sub-sector is aerial agriculture, which uses special purpose aircraft, vehicles, equipment, and aircraft maintenance facilities.

#### **Web Resources**

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Aircraft Owners and Pilots Association: <http://www.aopa.com.au/>

Airservices Australia: <http://www.airservicesaustralia.com/>

Civil Aviation Safety Authority: <http://www.casa.gov.au>

## BIOTECHNOLOGY (BTC)

### Overview

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Australia is a significant player in the global biotechnology industry. Australia has had a long, consistent tradition of excellent research and development (R&D), particularly in medicine and agriculture. The country's R&D assets are based on a high-quality science education system and expertise across a range of fields. As a result, Australia attracts a large number of major international pharmaceutical and agribusiness companies that either undertake research in Australia or enter into alliances with Australian companies and research providers.

Australia is a leading location for biotechnology in the Asia-Pacific region. Australia's competitive advantage lies in the quality of its universities, which have a heavy emphasis on life sciences, and research strength in scientific, agricultural, and medical research.

Australia has 450 core biotech companies. Forty-nine percent of firms are involved in Human Therapeutics, 16 percent in Agricultural Biotechnology, and 13 percent in Diagnostics. The Australian biotechnology industry is located primarily on the eastern seaboard of Australia in the states of Victoria, New South Wales, and Queensland.

Australia is well represented internationally for its capabilities in fundamental research in biotechnology and related disciplines. Researchers in Australia have outstanding credentials and are credited with the development of penicillin, the Cochlear hearing implant, Resmed treatment of sleep apnea, Relenza flu drug, and the Gardasil cervical cancer vaccine. Australia's technology productivity is very high with a per capita patent filing rate similar to that of the U.S. Australia produces 2.5 percent of the world's published and patented research from just 0.3 percent of the world's population.

The Australian biotechnology industry focuses on partnering for both primary research and commercialization. Approximately 46 percent of firms have partnerships with firms in the United States.

### Sub-Sector Best Prospects

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Australia has numerous world-class medical research organizations and the majority of biotechnology companies are involved in human therapeutics, drug discovery, and diagnostics. Australia offers excellent opportunities for international partnerships and cost-effective clinical trials.

### Web Resources

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Ausbiotech: <http://www.ausbiotech.org/>

## AUTOMOTIVE PARTS & ACCESSORIES (APS)

### Overview

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	2010	2011 (estimated)	2012 (estimated)	2013 (estimated)
Total Market Size	9315000	9329000	9338030	9607709
Total Local Production	4875000	4850000	4825128	4885600
Total Exports	1010000	1101000	1200199	1190011
Total Imports	5450000	5580000	5713101	5912120
Imports from the U.S.	794000	799000	804031	815089
Exchange Rate: 1 A\$	1.00	1.00	1.00	1.00

Unit: USD thousands

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates

Total Exports: Industry estimates

Total Imports: Industry estimates

Imports from U.S: Industry estimates

Economic uncertainty both domestic, and overseas led to a flat year in the sales of new vehicles in the Australian market. The slowdown of new car sales as a result of the world economic crisis has had a positive impact on the aftermarket industries as more consumers look to improve and repair their existing motor vehicles. Adopted from industry experts, the forecasts above indicate a decrease in local production, which will have a positive impact on imports.

The Federal Chamber of Automotive Industries (FCAI) reports that in calendar year 2011, sales of new passenger vehicles, SUV's and commercial vehicles reached 1,008,437 units, a decrease in volume of 2.6 percent on the 2010 figures. Toyota was the most popular brand in 2011 selling 181,624 units (18 percent market share), GM Holden sold 126,095 units (12.5 percent), and Ford sold 91,243 units (9 percent), followed by Mazda and Hyundai. Leading growth sectors include small car market (2.3 percent increase on 2010 figures), luxury SUV market (22.4 percent), and 4X4 light commercial market (6.3 percent).

In 2011, 109,067 motorcycles, scooters and all-terrain vehicles were sold, an increase of 3 percent on 2010 sales. ATV sales were bullish, with 122,428 sold in 2011, reflecting in part, a resurgence of the rural economies. Analysts predict that motorcycle sales show steady growth in 2012. Japanese companies Honda, Yamaha, and Suzuki are the leading manufacturers of motorcycles in the local market.

Australia has the third-highest vehicle ownership rate in the world with over 600 vehicles per 1,000 people. Growth in Australia's aftermarket has averaged above 5 percent over the past ten years. The aftermarket for replacement parts and accessories is a significant element of Australian component producers' total sales. This part of the market is estimated to be worth approximately US\$5 billion for replacement parts and US\$6 billion for accessories and is split fairly evenly between local producers and

imports. According to the World Trade Atlas, the United States is the leading supplier, accounting for 19.7 percent of imports or US\$548 million, while Japan comes second with 17.4 percent.

The U.S.-Australia FTA has resulted in the elimination of tariffs across most U.S. automotive imports. This fact coupled with the larger size of the U.S. industry has contributed to a 10.4 percent increase in U.S. exports to Australia since its inception. Future growth potential may be limited by the modest size of the Australian market. Although the United States is Australia's largest import source of these components, U.S. exports to Australia represent less than 2 percent of total U.S. exports of motor-vehicle parts.

### **Sub-Sector Best Prospects**

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The Australian automotive market provides good opportunities for U.S. suppliers of both specialty aftermarket equipment/accessories as well as the necessary aftermarket parts such as; 4WD parts and accessories, street performance parts and accessories, and automotive tools. In general, high-quality, innovative, environmentally-conscious and competitively-priced parts and accessories have strong demand.

### **Standards**

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Before a road vehicle can be registered for the first time in Australia, it must comply with the Federal Motor Vehicle Standards Act 1989. The Motor Vehicle Standards Act requires vehicles as well as automotive parts and accessories to meet the national standards that cover a variety of safety and emission requirements. These national standards are currently known as the Australian Design Rules (ADRs). Compliance with the ADRs is overseen by the Department of Infrastructure and Transport; <http://www.infrastructure.gov.au/>

The Australian Quarantine and Inspection Service (AQIS) inspect secondhand automotive parts. Therefore some U.S. companies may also have to comply with the AQIS standards; <http://www.aqis.gov.au>.

### **Opportunities**

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A prime area of opportunity in Australia's automotive sector is for accessories and replacement parts for light and medium-sized family cars and sports utility vehicles. Parts and accessories for routine auto maintenance, street performance, and high-end cosmetic auto enhancement also offer considerable opportunity for U.S. firms. Sales are generally through agents or distributors.

### **Web Resources**

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Australian Automotive Aftermarket Association: <http://www.aaaa.com.au>

Australian Customs Service: <http://www.customs.gov.au>

Department of Infrastructure and Transport; <http://www.infrastructure.gov.au/>

Federal Chamber of Automotive Industries: <http://www.fcai.com.au>

Federation of Automotive Parts Manufacturers: <http://www.fapm.com.au>

## CONSTRUCTION MACHINERY (CON)

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	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	773	761	781	784
Total Local Production	517	509	522	529
Total Exports	228	225	230	232
Total Imports	484	477	489	487
Imports from the U.S.	166	164	168	165

Source: Australian Bureau of Statistics/Industry Estimates

Australia's construction industry has entered a period of uncertainty with the first half of 2011 showing a continued contraction of the sector. In May 2011, the most recent statistic showed the Performance Construction Index (PCI) for housing development falling 2.3 points to 38.4 points. This slowdown has occurred since June 2010 and is expected to continue well into 2012 according to analysts in the sector. This has been attributed to the ending of the first home owner's grant, originally introduced by the Australian Federal Government and increases in interest rates by the Reserve Bank of Australia (RBA). It was only until November 2011 when the RBA made the decision to reduce interest rates by 25 basis points, and again in December 2011 by a further 25 basis points to help stimulate the economy.

The recent disaster of flood devastation in the State of Queensland is expected to provide the industry with unexpected growth. In May 2011, an announcement of a \$3.3 billion USD 10-year capital works project has begun, to improve the State of Queensland's water infrastructure. The State of Queensland is seeking to rebuild its damaged infrastructure and improve ways to minimize the damage that may be caused by future events.

Local industry experts continue to be optimistic for the sector over the next few years. There is expected growth in the industry with 3.5% annual increases anticipated between 2013 and 2019. The key factors influencing the growth of the industry in Australia are major infrastructure projects which include: transport, mining, electricity, telecommunications, sewerage and water supply, and other civil projects (including the construction and upgrading of freight and port facilities). The continued development of Australia's infrastructure is a key priority for the Australian Federal Government as an advisory council has been set up to work in partnership with State and Federal Government representatives and business leaders to determine significant infrastructure requirements.

U.S. imports are valued at about one third of total imports of construction machinery in Australia. U.S. manufacturers, particularly those operating through wholly-owned subsidiaries or Australian agents, enjoy a positive reputation for the quality of their products. Major U.S. manufacturers supplying the Australian market include: Caterpillar,

Case New Holland, John Deere, Ingersoll-Rand, Bobcat, Vermeer, Manitowoc, Terex, and Ditch Witch.

There are other popular brands in the Australian market which include: Komatsu, Hitachi, Kobelco, Kawasaki, Kubota and Sumitomo which are the main Japanese companies exporting construction equipment to Australia. Liebherr, Demag and Bomag are the main German brands in this market. Australian manufacturing is mainly small amounts of customized products such as: attachments (buckets, tractor tires, cabs, wheels and rims), replacement parts and wear parts for incorporation into imported base units. While construction machinery prices range from a few thousand USD to an excess of one million USD, the local industry manufactures items at the lower end of the spectrum.

The 2005 Free Trade Agreement between the U.S. and Australia (AUSFTA) has eliminated import duty on construction machinery from the U.S. The import duty rate from other countries is five percent.

### Sub-Sector Best Prospects

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The Federal and State Governments are expected to continue to invest in heavy equipment as plans for growth in infrastructure construction continue to rise. Some of types of equipment may include: off-highway dumpers, graders and levelers, self-propelled track laying bulldozers and angle dozers, front-end shovel loaders and scrapers.

Pricing, technology and after-sales-service still dominate the buying habits in this market. Australian end-users are willing to invest in technology that offers superior precision, flexibility, safety, and reliability features. Large construction machinery that consumes high levels of energy is at a disadvantage. Manufacturers and/or agents must provide on-call back up servicing programs and substantial product warranties.

### Opportunities

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Queensland (QLD), Victoria (VIC), South Australia (SA) and Western Australia (WA) are still planning major infrastructure projects. These include:

Project	Location	Value USD (millions)	Planned Commencement Date
AUSTRALIA PACIFIC LNG (APLNG) PROJECT	QLD	35,000	July 2012
SCADDAN ENERGY JOINT VENTURE COAL PROJECT	WA	21,000	June 2013
CROSS RIVER RAIL PROJECT - INNER CITY RAIL UPGRADE	QLD	14,020	March 2012
CHINA FIRST COAL PROJECT	QLD	8,000	July 2013
ABBOT POINT COAL TERMINAL X110 INFRASTRUCTURE DEVELOPMENT PROJECT	QLD	7,200	June 2012
OLYMPIC DAM COPPER GOLD	SA	7,000	July 2013

SILVER URANIUM OPERATIONS EXPANSION			
RAPID GROWTH 6 IRON ORE PROJECT	WA	6,500	July 2013
MELBOURNE METRO RAIL TUNNEL - STAGE 1	VIC	4,500	December 2012
PARRAMATTA TO EPPING RAIL LINK	NSW	2,600	February 2013

Source: Construction Forecasting Council

## Resources

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### Associations:

Australian Building Codes Board: <http://www.abcb.gov.au>

Australian Construction Industry Forum (ACIF): <http://www.acif.com.au>

Australian Constructors Association: <http://www.constructors.com.au>

Australasian Tunneling Association: <http://www.ats.org.au>

Infrastructure Partnerships Australia: <http://www.infrastructure.org.au>

Civil Contractors Federation: <http://www.civilcontractors.com>

Department of Infrastructure, Transport, Regional Development and Local Government: <http://www.infrastructure.gov.au>

Housing Industry Association: <http://www.hia.com.au>

Master Builders Australia Inc.: <http://www.masterbuilders.com.au>

### Trade Shows:

#### DESIGNBUILD

Date: June 27-29, 2012

Frequency: Annual

Location: Melbourne, VIC

Website: <http://www.designbuildexpo.com.au/>

#### CONSTRUCTION AND MINING EXPO

Date: March 15-17, 2012

Frequency: Annual

Location: Perth, WA

Website: <http://www.cmeexpo.com.au/>

#### CIVENEX 2011

Date: May 16-17, 2012

Frequency: Annual

Location: Sydney, NSW

Website: <http://www.civenex.com/>

U.S. companies seeking information on the Australian construction market should contact Annette Ahern at the U.S. Commercial Service in Melbourne (email: [annette.ahern@trade.gov](mailto:annette.ahern@trade.gov)).

## COSMETICS (COS)

### Overview

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Unit: USD thousands

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	1524	1600	1672	1722
Total Local Production	823	857	891	918
Total Exports	65	60	63	64
Total Imports	766	803	843	868
Imports from the U.S.	234	245	257	258
Exchange Rate: 1 USD	1.000	1.000	1.000	1.000

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Australian Bureau of Statistics

Total Exports: Australian Bureau of Statistics

Total Imports: Australian Bureau of Statistics

Imports from U.S.: Australian Bureau of Statistics

The Australian cosmetics and toiletries market value was US\$1.6 billion, with imports representing 50 percent.

The cosmetics and toiletries industry in Australia is strongly influenced by the importance of personal appearance, both for women and men. Australians are becoming more concerned with wellness issues and seek products that prolong a youthful appearance.

Of the import market, the U.S. holds a substantial share at 30 percent. Color cosmetics, which account for 45 percent of retail sales, is key to growth. As a result of the Free Trade Agreement between the United States and Australia, the general import duty on cosmetics and toiletries from the United States is zero.

### Sub-Sector Best Prospects

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The three sub sectors experiencing growth are color cosmetics, hair care and beauty salon products.

Color cosmetics incorporating advanced formulas are spurring on growth. The continuing demand for appearance enhancing products is creating favorable prospects for suppliers of foundation/concealer, with this particularly relevant to products that contain ingredients with anti-aging properties. Growth is also occurring in lip-gloss and color palettes, with lip-gloss accounting for 14 percent of color cosmetic imports into Australia.

Prospects are also promising for professional hair products assisted by the support of a world-renowned hairdresser or hair care company. The demand for colorants to cover

grey, including colorants for the men's market, is increasing, as is the demand for hair straightening products.

The beauty salon industry is showing consistent growth with spa products leading the trend. Spa services are popular, with females between 20 and 55 years old most likely to frequent salons/ spas. New concepts in professional topical skin treatments and facial spa products are well received in the Australian market.

Innovative quality brands incorporating premium natural and/or organic ingredients are popular. Australian women are also keen to try new salon products in a professional salon/spa environment.

## **Opportunities**

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Over the next year, the Australian cosmetic and toiletries market will continue to provide good opportunities for U.S. suppliers of the following products:

- Color cosmetics
- Hair care products
- Beauty salon based products

U.S. companies entering the Australian cosmetic and toiletries market should offer innovative products. Distributors in Australia seek novel brands and in particular, products with unique benefits.

## **Web Resources**

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Pharmacy Guild of Australia [www.guild.org.au](http://www.guild.org.au)

National Industrial Chemicals Notification and Assessment Scheme [www.nicnas.gov.au](http://www.nicnas.gov.au)

## FRANCHISING (FRA)

### Overview

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Business confidence in the franchising sector is relatively high due to the nature of support of the franchising model. This varies, however, on the specific industry sector involved.

The Australian franchise sector is a large and highly sophisticated industry, contributing approximately 9.7 percent to the nation's GDP. There are more franchising outlets per capita than anywhere else in the world, including three times more per capita than in the U.S. The total turnover in the franchising in Australia is USD128 billion. The global economic downturn has had little effect on franchising, particularly as the Australian economy continues to be buoyant.

There are over 1,000 business-format franchise companies in Australia in 2011, employing over 690,000 people. Of these systems, 91 percent are Australian-grown; the remaining 9 percent are a mixture from New Zealand, the United States, and Europe. Around 33 percent are involved in food or non food retail.

### Sub-Sector Best Prospects

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Franchising continues to experience growth in Australia and has spread into virtually every area of commercial activity. Franchises operate from retail locations or kiosks, with mobile and home-based systems also common.

Sectors as diverse as home building, carpet cleaning, repair systems, waste management, and financial planning enjoyed high growth in the recent past. The most popular opportunities for franchising in Australia are in the non-food retail industry, which accounts for 26 percent of franchise systems. Food retail concepts that promote health and well being are growing. Opportunity also exists within administration and support services, which accounts for 15 percent of franchise systems. Please see the table below for a list of the Australian franchise sectors by percent of market share.

#### Australian Franchise Industries:

Industry	Percent
Retail trade (non-food)	26
Accommodation and food services (includes food retail, fast food, coffee shops, etc)	17
Administration and support services (includes travel agencies, office services, domestic and industrial cleaning, gardening services, lawn mowing, etc)	15
Other services (includes personal services, pet services, auto repairs and servicing, IT services, etc)	11
Education and Training	6

Rental, hire and real estate services	7
Financial and insurance services	4.6
Professional, scientific and technical	3.6
Arts and recreation services	3
Information media and telecommunications	1.5
Construction	1.6
Transport, postal and warehousing	1.2
Manufacturing	1
Health care and social assistance	1
Electricity, gas, water and waste services	0.3
Wholesale trade	0.2

(Franchising Australia 2010 Survey – Griffith University)

## Opportunities

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Australia’s urban centers are the best markets for franchising operations. In addition to the positive market dynamics, Australia and the U.S. share a common language and similar cultures (although there are some subtle differences to consider). Corruption risk is low to non-existent and the franchise industry is well-regulated, well-educated, and highly-developed. These factors enable U.S. firms to enter this sector with confidence.

The best opportunities for franchising in Australia are within the retail non-food sector. Growth in the franchise sector has generally been within the services segment, predominantly in ‘personal and other services’ such as home maintenance. Time-saving and financial-service concepts remain popular and the growing elderly population in Australia presents opportunities in home services, healthcare, and convenience “at home” services, such as pet grooming and car maintenance.

There is potential within the accommodation and food services (including food retail, fast food and coffee shops). Opportunities exist within food retail where the overall concept is to promote health and well-being along with a variety of niche food service options. Food niches include regional food concepts such as Tex-Mex and southern cooking.

## Resources

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### Associations:

The Australian Industrial Relations Commission: <http://www.airc.gov.au>

Franchise Council of Australia: <http://www.franchise.org.au>

International Franchise Association: <http://www.franchise.org>

The Office of the Franchising Mediation Advisor:

<http://www.franchisingmediationadviser.com.au>

### Trade Events:

International Franchise Association

Frequency: Annual  
Date: February 11-14, 2012  
Location: Orlando, FL, Orlando World Centre Marriott  
Website: <http://www.franchise.org/convention.aspx>

International Franchise Expo  
Frequency: Annual  
Date: June 15-17, 2012  
Location: New York City, NY, The Javits Center  
Website: <http://www.ifeinfo.com/>

Franchising and Business Opportunities Expo  
Frequency: Annual  
Date: March 23-25, 2012  
Location: Sydney Convention & Visitors Centre  
Email: [franchising@divexhibitions.com.au](mailto:franchising@divexhibitions.com.au)  
Website: <http://www.franchisingexpo.com.au>

Franchising and Business Opportunities Expo  
Frequency: Annual  
Date: May 26-27, 2012  
Location: Perth Convention & Exhibition Centre  
Email: [franchising@divexhibitions.com.au](mailto:franchising@divexhibitions.com.au)  
Website: <http://www.franchisingexpo.com.au>

Franchising and Business Opportunities Expo  
Frequency: Annual  
Date: July 21-22, 2012  
Location: Brisbane Convention Centre  
Email: [franchising@divexhibitions.com.au](mailto:franchising@divexhibitions.com.au)  
Web site: <http://www.franchisingexpo.com.au>

Franchising and Business Opportunities Expo  
Frequency: Annual  
Date: August 17-19, 2012  
Location: Melbourne Convention Centre  
Email: [franchising@divexhibitions.com.au](mailto:franchising@divexhibitions.com.au)  
Web site: <http://www.franchisingexpo.com.au>

Franchise Council of Australia National Convention  
Frequency: Annual  
Date: October 2012  
Location: Melbourne  
Website: <http://www.franchise.org.au/>

For more information on the Australian Franchising Industry, please contact Annette Ahern at the U.S. Commercial Service in Melbourne; [annette.ahern@trade.gov](mailto:annette.ahern@trade.gov)

## INFORMATION TECHNOLOGY SERVICES (CSV)

### Overview

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Unit: USD thousands  
Unit: USD thousands

	2010	2011 (estimated)	2012 (estimated)	2013 (estimated)
Total Market Size	10750000	10950000	11350000	11410000
Total Local Production	7250000	7300000	7500000	7530000
Total Exports	1500000	1450000	1550000	1540000
Total Imports	5000000	5100000	5400000	5420000
Imports from the U.S.	1200000	1190000	1350000	1400000
Exchange Rate: 1 A\$	1.00	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates

Total Exports: industry estimates

Total Imports: Industry estimates

Imports from U.S: Industry estimates

In Australia, the information technology (IT) services industry accounts for approximately 35 percent of the total IT market and is valued at nearly US\$11 billion. Growth in the IT service market slowed through 20010-2011 but is showing signs of picking up pace. The Australian Federal Government is the largest public sector client of the IT services industry. Key clients include: Department of Defense, Australian Taxation Office, Centrelink, Veterans Affairs, Australian Customs, Medicare, and Department of Human Services. Federal Government spending on IT services has been steady this year, and will drive the sector for the next 18 months.

The major users of IT services in the private sector include: finance, insurance, retail, transport, mining, telecommunications, and media sectors. Local companies without technology expertise typically form strategic partnerships with IT service providers.

In Australia, the largest IT service companies include: HP/EDS (combined revenue of approximately US\$4 billion), IBM (US\$3.9 billion), CSC (US\$1.5 billion), Unisys (US\$1 billion), and Fujitsu (US\$1 billion). Major local service players include Dimension Data and AlphaWest (Singtel Optus-owned), each with revenues approaching US\$700 million.

Indian integration and service companies, relatively new to Australia, have increased their shares in the local market. These companies include: Tata, Infosys, Satyam, and HCL. These firms have positioned themselves well by buying smaller, local IT services companies. Offshoring is also widely adopted by local corporations who are striving to cut operational costs. Many Australian companies have outsourced large sections of their IT and contact centre requirements to companies in India and the Philippines.

## Sub-Sector Best Prospects

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Large Australian companies have already implemented VoIP solutions. Small and medium enterprises will drive VoIP sales into the foreseeable future. Sub-sectors in the IT service industry that will experience growth include: IT infrastructure library (ITIL), corporate governance and compliance, storage over IP, and developing enterprise applications and infrastructure for 3G mobile networks. The market for cloud platforms and services is growing well, albeit from a small base, with global ICT vendors investing heavily in marketing and promotional activities to secure clients.

## Opportunities

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The Federal Government is spending approximately US\$36 billion rolling out a high-speed, fibre-to-the-home network across Australia. The NBN is the largest infrastructure project undertaken by the Australian government. Major suppliers to the NBN include Alcatel, Corning Fibre. Space Systems/Loral which has recently been awarded the contract to build two KA-band satellites to service the remote areas of Australia that will not receive FttH services. Good opportunities exist supplying services to the NBN rollout.

## Web Resources

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Australian Information Industry Association: <http://www.aiia.com.au>

Australian Reseller News: <http://www.Arnnet.com.au>

CIO: <http://www.cio.com.au>

Internet Industry Association of Australia: <http://www.ii.net.au>

National Broadband Network (NBN Co): <http://www.nbnco.com.au>

## MEDICAL EQUIPMENT (MED)

### Overview

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Unit: USD thousands

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	3563	4092	4288	4501
Total Local Production	1666	1871	1965	2062
Total Exports	1445	1628	1709	1794
Total Imports	3342	3849	4032	4233
Imports from the U.S.	1244	1437	1508	1584
Exchange Rate: 1 USD	1.00	1.00	1.00	1.00

\*The above statistics are unofficial estimates.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

- Total Local Production: Unofficial Estimate
- Total Exports: Global Trade Atlas
- Total Imports: Global Trade Atlas
- Imports from U.S.: Global Trade Atlas

Australia is the eighth-largest export market for U.S. manufacturers of medical technology products. Australia is a mature market for medical technology and there is demand for the full range of sophisticated medical equipment. The Australian population generally expects a high standard of medical treatment and there is a continuing need for state-of-the-art, high quality medical products.

The Australian market for medical technology represents a little less than two percent of the global market. Most of the medical equipment used in Australia is imported. The three major suppliers are the United States, the European Union, and Japan. Australia's spending on healthcare is approximately 9.1 percent of GDP, similar to Italy, Spain, and Ireland, but less than the United States (17.4 percent).

Many of the major U.S. manufacturers have local representation or subsidiaries in Australia. These companies include Bard, Baxter Healthcare, Boston Scientific, Cook Medical, Johnson & Johnson Medical, Medtronic, St. Jude Medical, Stryker, and Zimmer. Large, multinational firms dominate the Australian market. Small to medium-sized importers and distributors comprise the remainder of the industry.

Health provisions and funding comes from the public and private sectors. With Australia's government-funded healthcare scheme, the Government is the primary purchaser of medical equipment. The Federal and State governments fund approximately 69 percent of healthcare spending. The private sector funds the remaining 31 percent. Depending upon the type of products, public hospitals generally account for approximately 70 percent of purchases of medical equipment, with the remaining 30 percent from the private sector. The Medical Technology Association of Australia (MTAA) reports that approximately 50 percent of sales are to the public sector and 50 percent to the private sector.

The Therapeutic Goods Administration (TGA) regulates the medical equipment industry. Australia's regulatory framework is based on Global Harmonization Task Force (GHTF) and European Community guidelines. U.S. exporters must appoint an Australian representative/sponsor to obtain regulatory approval from the TGA. U.S.-manufactured medical devices require an EC Certificate from a European Union Notified Body. Alternatively, U.S. manufacturers can apply to the TGA for a Conformity Assessment Certificate.

### **Sub-Sector Best Prospects**

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The medical technology industry has consistently provided good prospects for U.S. exporters. U.S. medical technology is traditionally well received in Australia due to its perceived high quality. The market is sophisticated, mature, and quick to adopt new healthcare technologies. Importers seek to obtain cost-effective and innovative products that will improve patient outcomes and reduce healthcare costs.

Prices and volumes are influenced by government healthcare policies and provisions of public healthcare services. Products that serve Australia's ageing population are likely to experience growth. Diseases and illnesses for which incidence and prevalence rates are projected to increase include diabetes, cerebrovascular disease (stroke), ischaemic (coronary) heart disease, lung cancer, and musculoskeletal disorders.

### **Web Resources**

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Australian Therapeutic Goods Administration (TGA): <http://www.tga.gov.au>

Australian Department of Health and Ageing: <http://www.health.gov.au/>

Medical Technology Association of Australia: <http://www.mtaa.org.au>

## MINING EQUIPMENT (MIN)

### Overview

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Unit: USD thousands

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	526900	560100	588100	619261
Total Local Production	266400	282300	299200	314160
Total Exports	81300	84500	87800	90434
Total Imports	341800	362300	376700	395535
Imports from the U.S.	120800	115900	113000	118650
Exchange Rate: 1 A\$	1.00	1.00	1.00	

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates.

Total Exports: Global Trade Atlas and industry estimates.

Total Imports: Global Trade Atlas and industry estimates.

Imports from U.S.: Global Trade Atlas, U.S. Census Bureau and industry estimates.

Australia is the world's largest exporter of black coal and also leads export volumes for diamonds, iron ore, lead, rutile, zinc, and zirconium. It is the second-largest exporter of gold and the third-largest exporter of aluminum and bauxite. The state of Western Australia (WA) accounts for an estimated 50 percent of Australia's mineral production. WA has over 1,200 operating mine sites (open pit, underground, and quarries) and 170 processing plants. The states of Queensland and New South Wales produce about 90 percent of Australia's coal through open pit and underground coal mines.

The total market size for mining equipment is in excess of US\$600 million and the industry imports 70 percent of its equipment. With a long history in mining, many mining equipment suppliers have established a local presence. Australia is the second-largest export market for U.S.-manufactured mining equipment. Companies recognize U.S. products for their quality and will pay a premium to avoid heavy losses associated with equipment failure or production delays.

Australian mining equipment manufacturers are particularly competitive in: fine coal cleaning and process control; strata reinforcement technology; and mining-related software. Major capital-type goods are imported and/or locally assembled by subsidiaries of foreign companies. These products include drilling equipment, front-end loaders, earthmoving and excavating equipment, compactors, and draglines. The major suppliers of mining equipment are the U.S. (35 percent import market share), Japan (6 percent), and Germany (9 percent).

In light of rising world commodity prices, a strong exchange rate, and rising capital spending, the future for U.S. mining-equipment suppliers to Australia looks very positive.

## Sub-Sector Best Prospects

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- Products for open cut mining (as many miners shift from underground to open cut production).
- Heavy equipment parts.
- Specialized treatment procedures for specific minerals.
- Automation of materials handling and other operations.
- Mine planning / optimization software – as more mines move towards contract mining.

## Opportunities

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Mining companies are considering the following projects:

Project Type	Project Name	Company	Value US\$
Iron Ore Development	Project 5 (RGP5)	BHP Billiton	5.6 billion
Iron Ore Development	Sino Iron Project	CITIC Pacific	5.2 billion
Iron Ore Development	Jimblebar Mine and Rail	BHP Billiton	3.4 billion
Coal Terminal	Hay Point Terminal Phase 3	BMA	2.5 billion
Gold Mine Development	Cadia East	Newcrest	1.9 billion
Coal Mine Development	Daunia	BHP Billiton	1.6 billion
Coal Mine Development	Ravensworth North	Xstrata	1.4 billion
Coal Mine Development	Ulan West	Xstrata	1.3 billion

## Web Resources

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Australasian Institute of Mining and Metallurgy: <http://www.ausimm.com.au>

Australian Coal Association: <http://www.australiancoal.com.au>

Australian Institute of Geoscientists: <http://aig.org.au>

Australian Drilling Industry Association: <http://www.adia.com.au>

Mineral Council of Australia: <http://www.minerals.org.au>

Mining Equipment & Services Council of Australia: <http://www.mesca.com.au>

## OIL AND GAS FIELD MACHINERY (OGM)

### Overview

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Unit: USD thousands

	2010	2011	2012	2013 (estimated)
Total Market Size	498600	519000	539600	569964
Total Local Production	145600	151400	157400	168418
Total Exports	11000	11400	11800	12154
Total Imports	364000	379000	394000	413700
Imports from the U.S.	144330	148660	157000	164850
Exchange Rate: 1 A\$	1.00	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates.

Total Exports: Industry estimates.

Total Imports: U.S. Census Bureau and industry estimates.

Imports from U.S.: U.S. Census Bureau and industry estimates.

Oil and gas is a US\$10 billion a year production industry. There are approximately US\$150 billion of projects under construction or well-along in the planning stages. Modernization and restoration of existing machinery and infrastructure will continue. The majority of Australia's oil and gas production is from offshore Western Australia (WA), home to the giant Gorgon and Wheatstone projects. There are also significant reserves of coal bed methane and oil shale (over 30 billion barrels). Coal bed methane is a fast growing industry with the bulk of onshore drilling and production focused within the state of Queensland.

Many of the largest multinational oil companies are exploring, operating, and partnering in one or more projects. Among these players are Apache, BP, Chevron, Conoco-Phillips, Exxon, and Shell, as well as the larger Australian companies BHP-Billiton, Santos, and Woodside. Service companies such as Halliburton, Schlumberger, and Technip further enhance the international nature of the local industry. Australia is a receptive market to international operators, consultants, contractors, and equipment, as well as service providers.

Increasing demand for petroleum products (particularly LNG) is fuelling the exploration, development, and production of both existing and new fields across Australia. Increased interest in gas comes from several factors – increased energy consumption by regional importers (Japan, Korea and China), as well as increasing pressure on power generators to use gas as a cleaner alternative to burning coal.

## Sub-Sector Best Prospects

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Australia is a net consumer of oil and gas equipment. Companies import much of the technology used in upstream and downstream projects. Technologies such as sub-sea connections, unmanned platforms, and Floating Production, Storage, and Offloading (FPSO), are in strong demand. Other growing segments include coal bed methane production and drilling equipment, deepwater exploration and production technology, and operational safety technology. Australia's oil and gas industry has a high regard for U.S. suppliers because of the latter's reputation for product quality, safety, and reliability.

## Opportunities

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Oil and gas companies are engaged in the following projects:

Project Type	Project Name	Company	Value US\$
LNG project	Gorgon	Chevron	43 billion
LNG project	Wheatstone	Chevron	25 billion
LNG project	Australia Pacific LNG	Origin / ConocoPhillips	35 billion
Gas field and LNG plant	Ichthys Gasfield	Impex Holdings	20 billion
LNG production wells, plant, and pipeline	Curtis LNG Project	BG Group	15 billion
LNG project	Pluto (train 2)	Woodside	14 billion
LNG project	NWS North Rankin	Woodside	5.1 billion

## Web Resources

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Australia Institute of Energy: <http://aie.org.au/>

Australian Petroleum Production and Exploration Association: <http://www.appea.com.au/>

Australian Pipeline Industry Association: <http://www.apia.net.au/>

Geosciences Australia: <http://www.ga.gov.au/>

U.S. Census Bureau: <http://www.census.gov/>

## RENEWABLE ENERGY (REQ)

### Overview

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Unit: USD thousands

	2010	2011	2012	2013 (estimated)
Total Market Size	115300	118750	122300	125743
Total Local Production	27300	28100	29000	29580
Total Exports	3000	3050	3200	3232
Total Imports	91000	93700	96500	99395
Imports from the U.S.	13700	14050	14500	14790
Exchange Rate: 1 A\$	1.00	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates.

Total Exports: Industry estimates.

Total Imports: Industry estimates.

Imports from U.S.: Industry estimates.

Power generation is a large sector in Australia with around US\$90 billion invested in generation, transmission, and distribution assets. Annual generation is approximately 270,000 gigawatt hours. Coal-fired and gas-fired generators account for 78 percent and 12 percent, respectively, of generated electricity. 9.6 percent of electricity is sourced from renewable sources.

Australia's renewable energy production is driven by hydroelectricity (6.4 percent) and wind (2.1 percent). Biomass, biogas, and solar account for about one percent of electricity generation. Most solar energy is used for residential water heating and accounts for 1.5 percent of residential energy consumption.

One of the key barriers to the development of the renewable energy industry has been the low cost of non-renewable energy such as coal or gas-fired generation. This barrier could be eroded by the introduction of a fixed price carbon tax of \$23 a ton which will apply from July 2012. By 2015, the carbon pricing scheme will transition to an emissions trading scheme with the price of permits set by the market.

The Australian Government has set a target to reduce greenhouse gas emissions by five percent on 2000 levels by 2050. The Government also committed to ensuring that 20 percent of Australia's electricity supply will come from renewable energy sources by 2020. These policies, together with the introduction of a carbon tax, are coming at a time when a number of states are facing potential energy shortfalls due to aging infrastructure.

Wind powered energy is one of the most rapidly growing areas of renewable energy in Australia. Foreign manufacturers of wind turbine equipment, primarily from Germany and Denmark, have set up representative offices, and in-country manufacturing facilities.

Australia also uses a range of biomass technologies, the most common, is bagasse-generated energy used for the sugar industry and the national grid. Bio-fuels are another area of growth and a number of groups are working on several initiatives including large-scale bio-diesel and ethanol manufacturing. U.S. companies are making inroads into this area.

The Australian climate and location is ideally suited to solar power. Australia has become a world leader in photovoltaic (PV) technology. Cumulative installed PV electric power is around 52MW with 90 percent being off-grid. European and U.S. participation in PV cells is low. Asian suppliers dominate the PV cell import market.

### Sub-Sector Best Prospects

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- Suppliers to solar cell manufacturers.
- Solar energy equipment, particularly for isolated communities.
- Small-scale (<200kW) to large-scale (>2MW) wind turbines.
- Energy storage technology for intermittent generation.
- Geothermal generation technology for low temperature sources.
- Biomass generating technology.

### Opportunities

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Current renewable projects include:

Project Type	Project Name	Company	Value US\$
Wind	Macarthur	AGL	900 million
Wind	Collgar	UBS	750 million
Wind	Musselroe	Hydro Tasmania	400 million
Bioenergy	Victoria 2	Sucrogen	NA
Landfill Gas	Woodlawn Bioreactor	Veolia	NA
Solar PV	Carnarvon	EMC Solar	NA

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Australian Bureau of Agriculture and Resource Economics:

<http://www.daff.gov.au/abares>

Clean Energy Council: <http://www.cleanenergycouncil.org.au>

Department of Climate Change and Energy Efficiency: <http://www.climatechange.gov.au/>

Smart Grid Australia: <http://www.smartgridaustralia.com.au/>

## SOFTWARE (SFW)

### Overview

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Unit: USD thousands

	2010	2011 (estimated)	2012 (estimated)	2013 (estimated)
Total Market Size	6210000	6400000	6580000	6936000
Total Local Production	2070000	2270000	2489000	2501000
Total Exports	850000	1020000	1224000	1125000
Total Imports	4990000	5150000	5315000	5560000
Imports from the U.S.	1896200	1957000	2072850	2168400
Exchange Rate: 1 A\$	1.00	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates

Total Exports: Industry estimates

Total Imports: Industry estimates

Imports from U.S: Industry estimates

The local IT market is mature and sophisticated. End-users, whether corporate, public, or retail, are early adopters of cutting-edge technology products. U.S. developers dominate the local market. In 2010, U.S. software accounted for 39 percent of software imports.

The standout in the software market is the provision of IT security solutions, which has sustained double-digit growth for several years. Local integrators, resellers, and distributors are experienced in partnering with U.S. software companies.

### Sub-Sector Best Prospects

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Developers of Software As a Service (SaaS) solutions have been active in the local market for more than five years, and have gained good traction with local Small and Medium Enterprises (SMEs). A recent survey by Frost and Sullivan revealed that 70 percent of companies sampled were renting software through the cloud. Opportunities exist for Platform As a Service (PaaS) and Infrastructure As a Service (IaaS) providers with larger corporations. Commonwealth and state governments have been slow implementing cloud solutions, but opportunities exist for vendors who can position themselves at the right time for the government market. With the stellar growth in 3G smartphones in the local market (especially Apple's iPhone), the mobile applications market offers good growth potential.

Other solutions in demand include: voice messaging (including VoIP applications), security, workflow document management, asset management, corporate governance compliance (Basel and ITIL), data cleansing, and quality tools.

### Opportunities

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In Australia, Federal and state governments purchase approximately 50 percent of all software. To sell to government agencies, it is important for U.S. firms to partner with a local firm certified to sell to the government and familiar with Australia's federal and state tendering processes.

Local ISPs now offer viable, robust VoIP solutions to consumers. With more than nine million broadband subscribers, U.S. developers of VoIP solutions will find opportunities in the local market.

IT security solutions are also in demand. Governments and companies are allocating more of their IT budgets to ensure their digital assets are secure due to the dynamic nature of attacks to networks, email systems, and websites. Data sensitive government agencies, like the Department of Defense and Centrelink (welfare agency), mandate high levels of digital security.

#### **Web Resources**

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Australian Information Industry Association: <http://www.aiia.com.au>

Australian Reseller News: <http://www.Arnnet.com.au>

CIO: <http://www.cio.com.au>

Internet Industry Association of Australia: <http://www.iiia.net.au>

## TRAVEL AND TOURISM (TRA)

### Overview

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Number of Australian Travelers to the United States:

	2010	2011 (estimated)	2012 (estimated)	2012 (estimated)
Total Arrivals	904,000	1,067,000	1,119,000	1,360,000
Percentage Change %	25%	18%	12%	13%

Australians are traveling to the United States in record numbers. As the ninth-largest market for overseas visitors to the United States, Australia provides an important source of visitors for the U.S.-inbound tourism market.

Australia has posted eight straight years of growth in arrivals. Few, if any other international market has this record of growth. Comparing international arrivals for 2000 to 2010, Australia is the fourth-fastest growth market (+68%) among the top twenty arrival markets. Only China (221%), India (137%), and Spain (77%) have grown faster.

Factors fueling demand for travel to the United States include increased air capacity, competitive airfares, and a strong Australian Dollar against the U.S. Dollar. The latest arrival statistics indicate that Australian travel to the United States is robust and the Australian market continues to be an important source of overseas visitors.

Long stays (average of 25 nights) and high spending characterize Australian travelers to the United States. The most popular months for Australians to travel to the United States are September-October, December, and May-July. Eighty percent of Australian travelers to the United States are leisure travelers and most are FIT (Independent) travelers. Australians travel throughout the United States visiting the west coast, the east coast, and the numerous destinations in-between. The most popular states visited are New York and California.

### Sub-Sector Best Prospects

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Best prospect sectors include self-drive holidays, skiing, baby boomer travel, youth travel, adventure travel, shopping, cruising, and sporting holidays.

### Web Resources

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Office of Travel and Tourism Industries: <http://www.tinet.ita.doc.gov>

As educated, affluent consumers, Australians are willing to try new products. The population has absorbed a growing number of newly arrived immigrants from all over the world who bring with them diverse dietary tastes. In addition, foreign travel is relatively common, especially by the generation now entering the work force, and these consumers have broadened their culinary horizons.

Australian demographics are similar to those in the United States, with a large number of two-income families and the consequent need for more processed and consumer-ready foods. Australian consumers are oriented toward the same factors that many U.S. consumers seek - freshness, wholesomeness and healthy lifestyles. To a large extent, they are prepared to pay extra for them.

Given Australia's large agricultural base, market prospects for U.S. food products are best in areas drawing on innovative products, economies of scale, and the U.S. position as a counter-seasonal supplier of fresh product (for information on food export restrictions into Australia, see Chapter 5). According to Global Trade Atlas data, total exports of U.S. food, forestry and fishery products to Australia in the 12 months ending September 2011 were valued at over US\$1.3 billion. The nature of agricultural products exported from the United States to Australia consists mainly of consumer-oriented and intermediate food products (US\$943 million and US\$219 million respectively in the 12 months ending September 2011).

The United States faces stiff competition in this market from New Zealand, European and Canadian suppliers, as well as from specialty suppliers in other Asian countries. Domestic production is also well established and growing in product lines. Foreign investment in the Australian food sector is substantial, with many large multinational companies participating.

### **Best Product Prospects**

The organic, healthy and natural products market in Australia is growing rapidly. Although Australia is a large producer of organic raw products, it does not have the manufacturing capacity to satisfy demand for the processed segment. Prospects are excellent for organic and natural ingredients as well as consumer-ready processed foods and beverages. Examples of this are the nutritious snacks category which experienced an overall 5.8% rise in value in 2010. The 'adult' segment of this category experienced a value change of almost 16%. The rice crackers and rice & grain cakes segments of the biscuits category also continue to experience growth with a 6.2% and 5.4% rise in value respectively in 2010.

The iced tea segment of the beverages category is still performing well, with overall growth by grocery volume of 14% in rise in value in 2010 following a 29% rise in 2009.

The energy and sports drinks segments remain some of the best performing in the cold beverage category with value growth of 20% and 12% respectively in 2010. These segments are now valued at \$225 and \$120 million respectively.

The functional segment of the beverage category, which is relatively new to this market, grew very quickly in the past couple of years but has leveled off in 2010. The mineral water segment, however, grew by over 14% in 2010 with the segment split evenly between non-flavored and flavored varieties.

The value of the spices segment of the herbs & spices category grew by almost 11% in 2010 with a growth of 14% by volume. This segment is now valued at \$21 million overall.

Elsewhere in the condiments category 'wet' recipe bases (sauces/marinades) grew by almost 23% by value in 2010. This segment is now valued at \$26 million.

To view individual commodity reports produced by the Foreign Agricultural Service please go to the following website:

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>.

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## Chapter 5: Trade Regulations, Customs and Standards

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### Import Tariffs

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#### **The U.S. - Australia Free Trade Agreement (AUSFTA)**

The Free Trade Agreement between the United States and Australia (AUSFTA) came into effect on January 1, 2005. AUSFTA eliminated import tariffs on 99% of U.S. manufactured industrial and consumer goods, and 100% of U.S. agricultural products. This has continued to create export opportunities for U.S. manufacturers and farmers. Tariffs on non-U.S. products average 5% or less, with a few exceptions, such as motor vehicles, clothing, and footwear.

#### **Rules of Origin**

Goods are classified according to the Harmonized System (HS) for the purposes of tariff categorization. To be eligible for preferential tariff treatment under AUSFTA, products must originate in the United States, that is, be wholly obtained or produced in the United States, or produced in the United States wholly from other originating materials from either Australia or the United States. Goods may also be produced in the United States partly from non-originating materials. The non-originating materials must meet the requirements of rules of origin, which determine the level of source content, and/or the sort of physical transformation required in the production process for the goods. Before claiming preference, local importers are required to ensure that the goods meet the required rules of origin. Australian importers, U.S. exporters, and U.S. producers of goods may obtain advance rulings from Australian Customs regarding importations of goods into Australia. Customs will provide written advice on origin matters through the provision of an Origin Advice (OA). The OA exists to advise Australian importers, U.S. exporters, and U.S. producers on specific issues relating to the origin of their goods for the purposes of determining eligibility for preferential duty rates for goods that Australia imports.

Australian Customs Manual Volume 8C, Division 10, contains information on how Customs administers AUSFTA. This manual is available on the Customs website, <http://www.customs.gov.au>

## Non-Tariff Barriers

In addition to the elimination of tariffs, AUSFTA provides a range of other benefits such as: certain services markets are now open, intellectual property receives better protection, predictable access facilitates investments, and U.S. firms can compete in Australia for government tenders on a nondiscriminatory basis. Some of these relaxations have not yet come into effect. Until such time, existing barriers to a free flow of trade will remain. The agreement does not exclude provisions for local broadcasting content and local content in major defense contracts. The full text of the AUSFTA is available on the Department of Foreign Affairs and Trade website, [http://www.dfat.gov.au/trade/negotiations/us\\_fta/final-text/index.htm](http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.htm)

## Trade Barriers

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### Quarantine

The Australian Quarantine and Inspection Service (AQIS) (<http://www.daff.gov.au/aqis>) is the federal body responsible for enforcing Australia's quarantine regulations, including issuing permits and inspecting shipments.

Australia is a signatory to the WTO "Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures" (April 15, 1994). U.S. exporters, however, may find it difficult to comply with Australia's import quarantine requirements. Aside from issues relating to the importation of food and animals, quarantine measures cover a number of other imported products such as farm, mining and construction machinery, some packaging goods, and other products that may pose a contamination risk to Australia's agricultural industry or natural environment.

**The Australian government enforces its quarantine measures very seriously. Importers have little recourse once a shipment encounters quarantine issues.**

Machinery imports may require an AQIS-issued import permit. It is a condition of the permit that machinery arrives in a 'clean' (refers to "clean as new") or new state. Australian importers should contact AQIS to determine if they need an import permit. Note: "The classification of machinery as 'new' and 'agricultural' is at AQIS' discretion. For quarantine purposes, new field-tested equipment is classified as 'used machinery,' and will require an Import Permit." AQIS has the power to re-export contaminated machinery. More detailed information relating to the import of machinery can be found at: <http://www.daff.gov.au/aqis/import/vehicles-machinery/regulations>

Packaging of imported goods presents a challenge to U.S. exporters, particularly where the packing materials include wood or other natural products. Detailed information on the compliance requirements can be found at: [http://www.aqis.gov.au/icon32/asp/ex\\_casecontent.asp?intNodeId=8880434&intCommodityId=17670](http://www.aqis.gov.au/icon32/asp/ex_casecontent.asp?intNodeId=8880434&intCommodityId=17670)

For complete information on products that need to comply with Australia's quarantine regulations, U.S. exporters should check the requirements on the AQIS import condition (ICON) database at <http://www.aqis.gov.au/icon>. Click on ICON Search and enter the commodity name and end use and conduct a "pattern match" search.

## **Chemical Import Requirements**

There are several agencies that deal with importing chemicals to Australia, depending upon the proposed end-use of those chemicals or compounds. The primary agency responsible for chemical imports is the National Industrial Chemicals Notification and Assessment Scheme (NICNAS) - <http://www.nicnas.gov.au>

Other agencies involved in regulating chemical imports include:

- Food Standards Australia New Zealand (FSANZ) - <http://www.foodstandards.gov.au>
- Australian Pesticides & Veterinary Medicines Authority (APVMA) – <http://www.apvma.gov.au>

The Australian importer is responsible for notifying the relevant agency of the chemical it is importing to Australia. The Australian importer may be a local subsidiary of a U.S. firm, an agent, or an end-user. The importer usually completes the required paperwork.

Given the high level of regulation, U.S. exporters should find Australian agents or importers familiar with requirements. NICNAS provides some guidance on the regulation of chemicals in the following brochure:

[http://www.nicnas.gov.au/Industry/Compliance/Compliance\\_Simple\\_Guide\\_PDF.pdf](http://www.nicnas.gov.au/Industry/Compliance/Compliance_Simple_Guide_PDF.pdf)

U.S. exporters may also need to ensure that products comply with the Australian Dangerous Goods Code requirements, which are based upon international standards. State-based government health and safety agencies enforce these codes. The codes differ slightly from state-to-state. The following link provides a list of these agencies:

<http://www.emplan.com.au/dangerous-goods/dangerous-goods.htm>

## **Import Requirements and Documentation**

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The Australian Customs and Protection Border Service has sole jurisdiction to clear imports. Local importers are responsible for obtaining formal Customs clearance for goods.

While there are several methods of valuing goods for Customs purposes, the method most frequently applied (transaction value) is based on the price actually paid (or payable) for the imported goods subject to certain adjustments. A major condition for using the transaction value is that there is no relationship between the buyer and seller that may influence the price. Valuation of imported goods can be complex and importers are urged to seek advice from a customs broker or to contact a Customs Information Centre. The Customs Brokers and Forwarders Council of Australia posts a list of members at: <http://www.cbfa.com.au/MembersDirectory.aspx>

Goods entering Australia may incur duty, Goods and Services Tax (GST), and/or additional charges. Customs duty rates vary and depend on a number of factors, such

as type of goods and country of origin. As stated above, 99% of U.S.-origin goods enter Australia duty free. The importer is still responsible for applicable GST payments. (See below.)

Customs does not require companies or individuals to hold import licenses, but importers may need to obtain permits to clear the goods. Further information on permits is contained in the Prohibited and Restricted Imports section at <http://www.customs.gov.au/site/page4369.asp>

The minimum amount of documentation required for Customs clearance comprises a completed Customs Entry or Informal Clearance Document (ICD), an air waybill (AWB) or bill of lading (BLAD), as well as invoices and other documents relating to the importation. Customs does not require the completion of a special form of invoice. Normal commercial invoices, bills of lading, and receipts are acceptable. These documents should contain the following information:

- invoice terms (e.g., FOB, CIF)
- name and address of the seller of the goods (Consignor)
- monetary unit referred to on invoice (e.g. AUD, USD)
- country of origin

Some authorities issuing permits required for import publish brochures/pamphlets about their areas of concern. These agency publications may not, however, always reflect current Customs legislation and procedures as they are often modified. It would be advisable to contact a Customs Information Center to check these issues.

### **Goods and Services Tax (GST)**

The liability to pay a 10% GST for imports rests with the importer. Payment of GST may not be required for temporary importation of goods. Imported, second-hand goods are treated the same way as any taxable goods and are therefore subject to GST. Under the GST, the amount paid or payable for international transport and insurance is also added to the taxable importation value. Further information on GST can be found on the Australian Tax Office Website: <http://www.ato.gov.au>

### **U.S. Export Controls**

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Australia is an active member of the major international arms control treaties and all international export control regimes that seek to monitor and control the global movement of goods and technologies applicable for use in military or weapons of mass destruction programs. This includes items developed either specifically for defense purposes or for civil application that can be adapted for use in arms programs, also referred to as dual-use goods.

A national export control system is the mechanism for ensuring that Australia upholds its international obligations, whilst also maintaining the integrity of its national interests. Australia controls the export of defense and dual-use goods through a comprehensive licensing system established under the *Customs Act 1901* and the *Weapons of Mass Destruction (Prevention of Proliferation) Act 1995* (WMD Act) and associated regulations.

The *Customs (Prohibited Exports) Regulations* 1958 regulates the export of certain goods and technologies, with Regulation 13E providing for the Defence and Strategic Goods List (DSGL).

The Australian Department of Defence is responsible for administering controls on the export of defense and dual-use goods, and the granting of authorizations to export, in the form of permits and licenses. Within the Department of Defence, this role is done by the Defence Export Control Office (DECO).

Further information on the list of regulated goods and technology that cannot be exported from Australia without a license and the procedures for seeking export permission may be found on the DECO website

<http://www.defence.gov.au/strategy/deco/>

The Australian Customs and Border Protection Service is responsible for border control. Cargo may not leave Australian points of departure without an Export Declaration Number (EDN). Australian Customs issues EDN, based on export data logged by exporters, and checks them electronically against required permits and licenses.

Additional Information:

On 2 November 2011, the Minister for Defence Materiel, the Hon Jason Clare MP, introduced the Defence Trade Controls Bill 2011, into the House of Representatives of the Federal Parliament. The Bill is drafted for the purpose of implementing the Australia-United States Defence Trade Cooperation Treaty and to strengthen Australia's export controls for defense and dual-use goods.

The Treaty removes the requirement for individual licenses to be obtained for each export, and allows for the license-free movement of eligible defense articles within the Approved Australian and US Communities. At the same time, the Minister for Defence Materiel also introduced amendments to the *Customs Act 1901* with the Customs Amendment (Military End-use) Bill 2011. This Bill introduces a power to prohibit the export of "non-regulated" goods that may contribute to a military end-use that may prejudice Australia's security, defense or international relations.

Legislation is required for the Treaty to enter into force.

## Temporary Entry

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Goods may be brought into Australia on a temporary basis without the payment of duty or taxes for of up to twelve months. These goods, referred to as Temporary Imports, are considered temporary according to sections of the Australian Customs Act, or because of entry under a 'carnet.' All temporary imports must be re-exported within the period approved by Customs. The nature of the goods, what they will be used for while they are in Australia, and who is importing them will determine the provisions for which the goods may be eligible. Australia accepts two types of carnets, ATA and CPD carnets (more commonly known as FIA/AIT carnets).

The provisions cover temporary importation of goods owned by tourists and temporary residents. The provisions also include categories such as traveler's samples and goods imported for display at trade fairs. Goods under the provisions of certain international agreements to which Australia has acceded are also eligible for admission. This information can be found in the Australian Treaties Library at:  
<http://www.austlii.edu.au/au/other/dfat/>

Copies of normal commercial import documents such as invoices, packing lists, bills of lading or airway bills, quarantine certificates, and other shipping papers should be lodged with the application for temporary entry. Evidence of intended use of the goods should also be included in accordance with the relevant Customs Convention(s).

## **Labeling and Marking Requirements**

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U.S. suppliers should be aware of Australia's rules and procedures regulating the packaging, labeling, ingredients, marketing and sale of specific products, and of general weights and measures.

In general, goods imported in the packages in which they are customarily sold or offered for sale need to be marked with a true description of the goods and the country in which the goods were made. The trade description needs to be applied to the packages in prominent and legible characters. Any additional information applied and/or labeled on the packages must be true and may not contradict or obscure the information required as part of the trade description.

The quantity of a commodity sold in a package must be truly stated on the main display panel of the package, in units of the metric system. The word "net" should always be used when expressing quantity in mass.

The joint Australia New Zealand Food Standards Code requires all packaged food to be labeled with nutritional information on how much fat, protein, energy, carbohydrates, and salt is in the product. Labels must also show the percentage of key ingredients and all of the main ingredients that may cause allergies.

Information on the Food Standards Code (and a nutritional panel example and calculator) can be viewed on the website of Food Standards Australia New Zealand (FSANZ), <http://www.foodstandards.gov.au/>. Detailed guidance is also available in the Food & Agricultural Import Regulations and Standards (FAIRS) report from the Office of Agricultural Affairs, U.S. Embassy, Canberra. This report is updated each year. A copy of the latest FAIRS report is available on the following web site:  
<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx> (search for FAIRS Country Report).

U.S. exporters should work with their Australian importer to ensure that their products comply with Australian Federal and State Government labeling regulations before shipping any product.

## **Prohibited and Restricted Imports**

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Australia has stringent prohibitions and quarantines against a number of products, particularly those considered to be of potential public danger and agricultural products that are considered to have the potential to introduce pests or disease (see section

below). Restricted items include drugs, steroids, weapons/firearms, heritage items, food, plants and animals, and protected wildlife. It is important to note that while some items may be imported, their use may be prohibited under individual State laws.

### **Sanitary and Phytosanitary Restrictions Affecting Imports**

Australia has very strict sanitary and phytosanitary restrictions affecting imports of fresh fruit and vegetables and imports of meat and poultry products. Under Australia's quarantine and inspection process, foreign-grown agricultural commodities must undergo an import risk analysis (IRA) process before they can enter the country. An IRA to determine how and if the risk can be managed will take a minimum of two years to complete. Australia's "acceptable level of protection" is considered extremely restrictive, making access to the Australian market often difficult, expensive, time-consuming, and in some cases, virtually impossible.

All fresh produce usually needs an Australian import permit and a U.S. phytosanitary certificate. The import permit can be requested (by the importer) from the Department of Agriculture, Fisheries and Forestry (DAFF) in Canberra, or from the appropriate State Departments of Agriculture, located in the respective State capitals.

When applying for import permits, as much detail as possible should be provided as to where the product is grown and how it is processed, so that the appropriate advice on treatments can be given without having to request additional information from the U.S. exporter.

All meat and poultry products must be accompanied by an Australian Import Permit and appropriate USDA Animal Health Certificate, and must originate from a plant approved for export to Australia.

The Australian Quarantine and Inspection Service (AQIS) maintains a detailed database on their website of import conditions for most agricultural products. Called ICON, the website is: [http://www.aqis.gov.au/icon32/asp/ex\\_querycontent.asp](http://www.aqis.gov.au/icon32/asp/ex_querycontent.asp). If a product is not listed in ICON it is highly likely that that product is not permitted entry to Australia at this time. AQIS also maintains a website which provides checklists of the information that is required to accompany permit applications to import biological products (this includes food products). The website is: <http://www.daff.gov.au/aqis/import/biological/checklist>. Both these websites are currently undergoing updates/reviews so it is important that U.S. exporters check the websites regularly to be sure to have the most up-to-date information. It is very important that U.S. exporters rely on these websites only for general for information regarding import regulations. Exporters must work with their Australian importer to ensure that ALL requirements are met. The import permit will set out the exact requirements for entry - this can differ markedly from country-to-country and from commodity-to-commodity and even from different regions within a country.

Additional information on Australian requirements for imported packaged food, requirements for animals and animal products, documents for public comment (including import risk analyses), fee schedules, on-line forms, WTO Sanitary & Phytosanitary notifications, etc. is also available on the AQIS website (<http://www.aqis.gov.au>). This information is updated regularly. Guidance on import requirements is also available in the Food & Agriculture Import Regulations & Standards (FAIRS) report mentioned in the Labeling and Marking Requirements section above.

## Customs Regulations and Contact Information

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The Australian Customs Service regulates the movement of goods and people across the Australian border. Customs does not scrutinize every transaction relying on clients to self-assess the correctness of transactions. Australian importers are legally responsible for the accuracy of information supplied to Customs, regardless who prepares the documents. Cargo reporters, importers, customs brokers, freight forwarders, depot and warehouse proprietors, financial institutions, information storage facilities, bureau services, owners, stevedores, etc. may be subject to compliance checks conducted by Customs. The importer is also responsible for verification of the country of origin. The U.S. shipper should declare on the commercial invoice "the goods are of U.S. manufacture and comply with AUSFTA".

Penalties apply for non-compliance with Customs legislation, and offences do not require intent to be proven. Information and legislation requirements associated with import and export transactions are extensive. It is the responsibility of importers to familiarize themselves with the information provided by Customs. All imported goods must be entered in accordance with approved documentation, classified correctly, and any surplus goods reported. Items not ordered, samples, and promotional merchandise must also be entered. All relevant commercial documents must be retained for five years from the date of entry.

Clicking on this link will take you to Customs web site: <http://www.customs.gov.au/> . The site provides extensive information and guidance, some of which was used in the preparation of this section. For more details about information on the Customs web site, email: [information@customs.gov.au](mailto:information@customs.gov.au). Clients can also contact a Customs Information and Support Center on 1300 363 263 from anywhere within Australia, or + 61 2 6275 6666 from outside Australia.

## Standards

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## Overview

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Australia is a signatory to the GATT/WTO Standards Code. It is common in Australia to use quality standards, such as the ISO 9000 series. Standards Australia, the national standards body, has a Quality Assessment division and can provide a list of companies adhering to the ISO 9000 series.

Australia still has in place various standards that can affect product entry, and while these may require product modifications, they are not insurmountable obstacles to U.S. companies.

Standards Australia is Australia's leading standards development organization. While not a government agency, Standards Australia is recognized as the leading standards development body in Australia. In partnership with SAI Global Ltd., an information services company, it delivers standards and related products to industry.

Standards Australia has more than 70 members, representing groups with an interest in the development and application of standards. It is Australia's representative on the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and the Pacific Area Standards Congress (PASC).

Standards Australia develops and maintains more than 7,000 Australian Standards, and provides input into the development of approximately 18,000 International Standards by ISO and IEC.

Standards Australia has a policy of adopting International Standards wherever possible. This policy is in line with Australia's obligations under the World Trade Organization's Code of Practice, which requires the elimination of technical Standards as barriers to international trade. As a result approximately 33% of current Australian Standards are fully or substantially aligned with International Standards. Areas of industry where no significant International Standards exist include building, construction, and occupational health and safety. Around one third of Australian Standards have no international equivalent.

Imported consumer products, such as food products, must comply with state government packaging regulations. Australian states agree that any non-farm product, including imports, meeting the legal requirements of one state, may be sold in all other states and territories. State agricultural quarantines prohibit interstate trade of some items.

American exporters of food products to Australia will find their product falling under the Australia Food Standards Code (<http://www.foodstandards.gov.au/>). Food Standards Australia New Zealand (FSANZ) developed the code's standards. This is a bi-national independent statutory authority that develops food standards for composition, labeling and contaminants, including microbiological limits, that apply to all foods produced or imported for sale in Australia and New Zealand. In Australia, FSANZ develops standards to cover the entire supply chain for food, from primary producers through manufacturing and processing to delivery and point of sale.

Australian Quarantine and Inspection Service (AQIS), <http://www.daff.gov.au/aqis>, is responsible for enforcing the Standards Code for imported foods.

Both Standards Australia (<http://www.standards.org.au/>) and the National Institute of Standards and Technology (NIST), (<http://www.nist.gov/>) have current information on Australian standards.

Other standards organizations of interest to U.S. exporters are: The Australian Communications and Media Authority (ACMA), the Australian Environmental Protection Agency, and the Therapeutic Goods Administration.

The Australian Communications and Media Authority (ACMA), mandates technical standards relating to items of customer equipment, customer cabling, and other devices. These standards include the Electromagnetic Compatibility Arrangements (EMC) and Electromagnetic Radiation Arrangements (EMR). Before a product covered by the EMC regulatory arrangements can be sold in Australia it must be tested to applicable standards and labeled. The label consists of a mark called "C-Tick" and a unique supplier identification. The C-Tick mark is intended for use on products that comply with EMC standards.

The Australian Environmental Protection Agency, also known as the Australian Government Department of Sustainability, Environment, Water, Population and Communities, develops and implements national policy, programs and legislation to protect and conserve Australia's environment and heritage. Safety-related automotive parts and accessories on a vehicle for environmental compliance (EPA compliant) must adhere to Australian Design Rules and Australian automotive standards as well as environmental compliance from the Australian Environmental Protection Agency. The supply of OE (Original Equipment) automotive parts must adhere to Quality System QS9000, the system adopted in the U.S. by Ford, General Motors, and Chrysler. The Therapeutic Goods Administration is in charge of issuing approvals for all medical devices and health-related products.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## **Conformity Assessment**

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Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail registration service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## **Product Certification**

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SAI Global provides organizations around the world with information services and solution for managing risk, achieving compliance and driving business improvement.

## **Accreditation**

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The Standards Accreditation Board's role is to review and accredit standards development organizations that wish to develop and publish Australian Standards.

The accreditation process determines the competency of an organization to develop Australian standards. More information about the process by which the SAB grants accreditation can be found on the Board's website:

<http://www.absdo.org.au/>

## **Publication of Technical Regulations**

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In an agreement with Standards Australia, SAI Global Ltd. is the lead publisher of Australian Standards as well as other standards such as ISO, DIN (German Institute for Standardization), IEC, and Japan Standards Association.

## **Labeling and Marking**

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A number of voluntary and mandatory labels and marks indicating standards conformance are in use in Australia, including international standards such as ISO and IEC. Information about the required labels can be found by contacting the relevant standards organization.

Some electrical products are required to carry an approved energy label. These products include: refrigerators and freezers, clothes washers, dryers, dishwashers, and air conditioners. A larger list is regulated on the basis of minimum energy efficiency levels and includes the preceding list as well as electrical motors and transformers. The National Appliance and Equipment Energy Efficiency Committee, consisting of officials from the Commonwealth, state, and territory government agencies and representatives from New Zealand, is responsible for managing the Australian end-use energy efficiency program.

## **Trade Agreements**

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### **The U.S.- Australia Free Trade Agreement (AUSFTA)**

On January 1, 2005, Australia entered into the Free Trade Agreement with the United States (AUSFTA), providing major benefits for both countries immediately through removal of tariffs, and the phased opening of markets. More information can be found at:

[http://www.dfat.gov.au/trade/negotiations/us\\_fta/final-text/index.html](http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.html) (full text) and [http://www.ustr.gov/Trade\\_Agreements/Bilateral/Australia\\_FTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Section_Index.html)

U.S. companies interested in exporting to Australia can access the document Customs Tariff Schedule 5 U.S. Originating Goods at: <http://www.customs.gov.au/tariff/tariff2012.asp>

## Other Agreements

The Closer Economic Relations Trade Agreement (ANZCERTA, or CER) is the main instrument that governs economic relations between Australia and New Zealand. It is a comprehensive agreement, prescribing that all bilateral trade and services originating in the two countries is free of tariffs, quantitative restrictions, anti-dumping measures, production subsidies and like measures.

Australia has free trade agreements with:

- ASEAN
- Chile
- New Zealand (CER)
- Singapore
- Thailand
- United States of America

Australia is negotiating or planning to negotiate free trade agreements with:

- China
- Gulf Cooperative Council
- India Comprehensive Economic Cooperation Agreement
- Indonesia
- Japan
- Korea
- Malaysia
- Pacific Agreement on Closer Economic Relations (PACER) Plus
- Trans-Pacific Partnership Agreement

Australia is an active participant in the WTO, making regular submissions to trade negotiation rounds. Australia is a key member of the Asia Pacific Economic Cooperation (APEC) forum, and plays a leading role in promoting trade liberalization among the member economies. Australia exports approximately 70% of its goods and services to APEC economies. Australia is also a leading member of the Cairns Group of 19 agricultural exporting countries.

## Web Resources

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AUSFTA – full text: [http://www.dfat.gov.au/trade/negotiations/us\\_fta/final-text/index.html](http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.html)  
<http://www.customs.gov.au/tariff/tariff2012.asp>

Australia Food Standards Code: <http://www.foodstandards.gov.au/>

Australian Customs: <http://www.customs.gov.au>

Australian Customs Tariff Schedule 5 U.S. Originating Goods: Australian Dangerous Goods Code: <http://www.emplan.com.au/dangerous-goods/dangerous-goods.htm>

Australian Pesticides & Veterinary Medicines Authority (ASPVMA):  
<http://www.apvma.gov.au>

Australian Quarantine and Inspection Service (AQIS): <http://www.daff.gov.au/aqis>  
AQIS - biological products checklists:  
<http://www.daff.gov.au/aqis/import/biological/checklist>

AQIS - ICON: <http://www.aqis.gov.au/icon>

AQIS – machinery/vehicles: <http://www.daff.gov.au/aqis/import/vehicles-machinery/regulations>

AQIS – packaging:  
[http://www.aqis.gov.au/icon32/asp/ex\\_casecontent.asp?intNodeId=8880434&intCommodityId=17670](http://www.aqis.gov.au/icon32/asp/ex_casecontent.asp?intNodeId=8880434&intCommodityId=17670)

Australian Tax Office: <http://www.ato.gov.au>

Australian Treaties Library: <http://www.austlii.edu.au/au/other/dfat/>

Customs Brokers and Forwarders Council of Australia:  
<http://www.cbfa.com.au/MembersDirectory.aspx>

Defence Export Control Office (DECO): <http://www.defence.gov.au/strategy/deco/>

FAIRS reports: <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

National Institute of Standards and Technology (NIST): <http://www.nist.gov/>

NICNAS:  
[http://www.nicnas.gov.au/Industry/Compliance/Compliance\\_Simple\\_Guide\\_PDF.pdf](http://www.nicnas.gov.au/Industry/Compliance/Compliance_Simple_Guide_PDF.pdf)

NIST Notification Service: <http://www.nist.gov/notifyus/>

Prohibited and Restricted Imports: <http://www.customs.gov.au/site/page4369.asp>

Standards Accreditation Board: <http://www.absdo.org.au/>

Standards Australia: <http://www.standards.org.au/>

The U.S.- Australia Free Trade Agreement (AUSFTA)  
[http://www.dfat.gov.au/trade/negotiations/us\\_fta/final-text/index.html](http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.html)  
[http://www.ustr.gov/Trade\\_Agreements/Bilateral/Australia\\_FTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Section_Index.html)

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## Chapter 6: Investment Climate

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- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
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### **Note on Exchange Rate and Table of Contents**

Throughout the 2012 Investment Climate Statement for Australia, we have used the exchange rate of A\$1 = US\$1.00, reflecting the most current rate as of January 2012. It should be noted, however, that the exchange rate fluctuated over the year.

### **Openness to and Restrictions on Foreign Investment**

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Australia welcomes foreign investment. The United States is the largest direct investor in Australia, while Australia is the ninth largest source of foreign direct investment (FDI) for the United States. In 2010, U.S. FDI in Australia was A\$120 billion while Australian investment in the United States was A\$93 billion. U.S. FDI in Australia accounts for 25% of total foreign direct investment in the country and is concentrated largely in resources and energy, manufacturing, and the nonbank financial services sector.

Inward foreign direct investment is regulated by the *Foreign Acquisitions and Takeovers Act 1975* and associated regulations. The Act sets out a number of minimum thresholds under which smaller scale investment proposals do not need approval. Under the Australia-U.S. Free Trade Agreement (AUSFTA), higher (i.e., more favorable) screening thresholds apply to U.S. citizens and corporations than to other foreign entities.

The Foreign Investment Review Board (FIRB), a subdivision of the Australian Treasury Department, reviews investment proposals. Based on advice from the FIRB, the Treasurer can block or impose conditions on proposals that are contrary to the national interest. The national interest test seeks to ensure that 'investment and sales decisions are driven by market forces rather than external strategic or non-commercial

considerations.’ All foreign governments and their related entities (e.g., state-owned enterprises and sovereign wealth funds) are required to notify the Australian government and get prior approval before making a direct investment in Australia, regardless of the value of the investment.

## **Conversion and Transfer Policies**

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The Australian dollar is a fully convertible currency. The government does not maintain currency controls or limit remittance, loan or lease payments. Such payments are processed through standard commercial channels, without governmental interference or delay.

## **Expropriation and Compensation**

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The Australian legal system is firmly grounded on the principles of equal treatment before the law, procedural fairness, judicial precedent, and the independence of the judiciary. Strong safeguards exist to ensure that people are not treated arbitrarily or unfairly by governments or officials. Private property can be expropriated for public purposes in accordance with established principles of international law. Due process rights are well-established and respected, and prompt, adequate and effective compensation is the norm.

## **Dispute Settlement**

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Australia has an established legal and court system for the conduct or supervision of litigation and arbitration, as well as alternate dispute processes. The traditional approach to commercial dispute resolution involves litigation, arbitration and more modern methods of alternative dispute resolution. Australia is a world leader in the development and provision of non-court dispute resolution mechanisms. It is a signatory to all the major international dispute resolution conventions and has organizations that provide international dispute resolution processes.

Property and contractual rights are enforced through the Australian court system, which is based on English Common Law. There are few investment disputes involving foreign companies. Australia is a member of the International Center for the Settlement of Investment Disputes.

AUSFTA establishes a dispute settlement mechanism for disputes arising under the Agreement. In the first instance disputes are to be settled through consultation between the parties. Where these consultations are not effective in resolving the dispute, the Agreement provides for an arbitral panel to consider the matter.

The dispute settlement mechanism provides for compensation for breaches of agreement, which may include requiring the breach to be corrected, trade compensation to be provided, or monetary compensation in lieu of trade compensation. The FTA does not allow private investors to directly challenge government decisions, but individual

investors are able to raise concerns about their treatment by the Australian Government with the U.S. Government (or vice versa).

### **Performance Requirements and Incentives**

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As a general rule, foreign firms establishing themselves in Australia are not subject to performance requirements and incentives.

### **Right to Private Ownership and Establishment**

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The common law system which forms the basis of Australian jurisprudence guarantees the right to private ownership and the establishment of private business enterprises.

### **Protection of Property Rights**

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A strong rule of law protects property rights in Australia and operates against corruption. Both foreign and domestically-owned businesses enjoy considerable flexibility in their licensing, regulation, and employment practices.

### **Transparency of Regulatory System**

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Australia subscribes to the 1976 declaration of the Organization for Economic Cooperation and Development (OECD) concerning International Investment and Multinational Enterprises. These instruments cover national treatment and investment incentives and disincentives, and spell out voluntary guidelines for the conduct of multinational enterprises in member countries. Australia also subscribes to two OECD codes of liberalization, one covering capital movements and the other invisible transactions.

Australia ranked third in 2011 (behind Hong Kong and Singapore) on the Heritage Foundation's rankings for economic freedom. According to this measure, the survey found that, "Australia has a strong tradition of openness to global trade and investment, and transparent and efficient regulations are applied evenly in most cases. An independent judiciary protects property rights, and the level of corruption is quite low."

In June 2011, Australia was ranked as the second easiest place in the world to start a business by the World Bank. It ranked fifteenth in terms of "ease of doing business" and was the eighth easiest place to obtain business credit. The Australian economy recorded 20 years of uninterrupted growth to 2011, despite two global downturns. The 2011 Institute for Management Development (IMD) *World Competitiveness Yearbook* rated the Australian economy the second most resilient in the world. For countries with populations greater than 20 million, Australia ranked first.

Australia's rankings in various international governance surveys are given below:

Transparency International corruption rank: 6<sup>th</sup> in 2011

Heritage Economic Freedom rank: 3<sup>rd</sup> in 2011

World Bank Doing Business rank: 15<sup>th</sup> in 2011

World Bank Business Start Up rank: 2<sup>nd</sup> in 2011

Australia has an AAA international credit rating with a well-developed, deep and sophisticated financial market, regulated in accordance with international norms. In terms of global turnover, Australia's foreign exchange market is the seventh largest in the world, and the Australian dollar/U.S. dollar is the fourth most traded currency pair globally (BIS, Triennial Central Bank Survey, December 2010). Australia's four leading banks are highly ranked in terms of financial security with AA minus rankings. Total assets of Australia's largest banks were US\$2.7 trillion in September 2011 or about twice GDP, according to the Reserve Bank of Australia. Australian banks have one of the lowest non-performing loan ratios of economies surveyed by the IMF in December 2010, which found only 0.7% of Australian bank loans were 'nonperforming.'

Australia has an open and transparent approach to mergers and acquisitions. There are no "cross-shareholding" and "stable shareholder" arrangements used by private firms to restrict foreign investment through mergers and acquisitions. Measures used by private firms to defend against hostile takeovers are not focused on foreign investors. Overall, Australia's M&A deals ranked third largest worldwide in the September quarter 2011, according to Bloomberg.

In 2010, the Australian Stock Exchange (ASX) was the 7th largest in the world and the market capitalization of shares of domestic companies on the ASX was about US\$1.4 trillion. Current projections indicate that Australian funds under management will grow to around A\$2 trillion by 2015. ASX operates in a market that has the fourth largest investment fund asset pool in the world. In 2011, Chi-X became Australia's second stock exchange operator in a move aimed at increasing competition.

**Competition from State Owned Enterprises**

Private enterprises are generally allowed to compete with public enterprises under the same terms and conditions with respect to markets, credit, and other business operations, such as licenses and supplies. Public enterprises are not generally accorded material advantages in Australia. Almost all state-owned enterprises (SOEs) have been privatized. Remaining SOEs do not exercise power in a manner which discriminates against or unfairly burdens foreign investors or foreign-owned enterprises.

Australian Commonwealth and state governments have followed policies of privatizing their remaining state-owned assets in areas such as electricity generation, transmission, distribution, and retailing to both domestic and foreign investors. In September 2010, the Queensland state government privatized railway assets used to transport natural resource exports (particularly coal) to its ports. In December 2010, the Parliament passed legislation to separate Telstra's retail and wholesale arms, with the latter coming under the National Broadband Network Company (NBN Co), which remain a government-owned enterprise until it is later privatized.

*Sovereign Wealth Fund:* Australia has one sovereign wealth fund, the Future Fund, which was established by the Future Fund Act 2006 to help future governments meet the cost of public sector superannuation (i.e., retirement pension) liabilities by delivering investment returns on contributions to the Fund. Investment of the Future Fund is the

responsibility of the Future Fund Board of Guardians with the support of the Future Fund Management Agency.

The Board and Agency also invest the assets of the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund, which were established by the Nation-building Funds Act 2008. At end-September 2011, the Future Fund had assets of A\$73.2 billion. There is no regulation prescribing the proportion of the Future Fund's assets which must be invested in Australia or offshore. The Future Fund intends to gradually increase its foreign exposure, but most funds are currently invested in Australia.

## **Corporate Social Responsibility**

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In Australia, there is a general awareness of corporate social responsibility among both producers and consumers. Both foreign and local enterprises tend to follow generally accepted corporate social responsibility (CSR) principles such as the OECD Guidelines for Multinational Enterprises. Firms that pursue CSR are often rated highly in surveys of corporate behavior.

## **Political Violence**

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Instances of political violence are a rarity in Australia. As in all liberal democracies, political protests (e.g., rallies, demonstrations, marches, public conflicts between competing interests) form an integral, though generally minor, part of Australian cultural life. Such protests seldom degenerate into violence.

## **Corruption**

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Australia maintains a thorough system of laws and regulations designed to counter corruption. In addition, the government procurement system generally is transparent and well regulated, thereby minimizing opportunities for corrupt dealings. Accordingly, corruption has not been a factor cited by U.S. businesses as a disincentive to investing in Australia, or to exporting goods and services here. Non-governmental organizations that monitor anti-corruption measures, including Transparency International, operate freely in Australia. Australia is perceived internationally as having low corruption levels. Transparency International's Corruption Perception Index from December 2011 ranked Australia eighth among nations perceived as having low levels of corruption, ahead of South Korea, Japan and the United States.

Australia is an active participant in international efforts to end the bribery of foreign officials. Legislation to give effect to the anti-bribery convention stemming from the OECD 1996 Ministerial Commitment to Criminalize Transnational Bribery was passed in 1999. Legislation explicitly disallowing tax deductions for bribes of foreign officials was enacted in May 2000. At the Commonwealth level, enforcement of anti-corruption laws and regulations is the responsibility of the Attorney General's Department.

## **Bilateral Investment Agreements**

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The Australian Government supports the negotiation of comprehensive Free Trade Agreements (FTAs) that are consistent with the World Trade Organization rules and guidelines and which complement and reinforce the multilateral trading system.

Australia has FTAs with the United States, Thailand, Singapore, Chile, and a multilateral FTA with New Zealand and the countries of the Association of Southeast Asian States (ASEAN), all of which contain chapters on investment.

*Australia-United States FTA (AUSFTA):* The Australia-United States FTA (AUSFTA) entered into force on January 1, 2005 and is a comprehensive agreement that covers goods, services, investment, financial services, government procurement, standards and technical regulations, telecommunications, competition-related matters, electronic commerce, intellectual property rights, labor and the environment. The agreement has guaranteed U.S. access to the Australian market and the gradual expansion of this access. Under the FTA, trade in goods and services as well as foreign direct investment have continued to expand. More than 99% of U.S. exports of manufactured goods are now duty-free. The FTA will also eliminate tariffs within 10 years of entry into force on textiles.

*Other Bilateral Free Trade Agreements:* Australia signed a free trade agreement with the Association of Southeast Asian Nations and New Zealand, which became effective in January 2010. ASEAN and New Zealand together account for A\$104 billion, or 18%, of Australia's total trade in goods and services in 2010-11. The Singapore-Australia Free Trade Agreement (SAFTA), which became operational on July 28, 2003, eliminated most tariffs and increased market access for services. It also harmonized competition policy, government procurement, intellectual property, e-commerce, customs procedures, and business travel. The Thailand-Australia FTA cut tariffs to zero on virtually all goods from January 2010. The Australia-Chile FTA reduced tariffs on 97% of goods currently traded. Tariffs on all existing merchandise trade between Australia and Chile will be eliminated by 2015.

Australia is currently negotiating agreements with South Korea, the Gulf Cooperation Council (GCC), Malaysia, China, and Japan, all of which are expected to include investment liberalization. Australia is also participating in negotiations for a Trans-Pacific Partnership Agreement (TPP). The United States, Australia, Vietnam, Malaysia, Peru, Brunei Darussalam, Chile, New Zealand and Singapore have joined the TPP negotiations, while Japan, Canada, and Mexico have expressed interest in entering the TPP process.

In addition, Australia is negotiating Comprehensive Economic Cooperation Agreements with both Indonesia and India. Australia is continuing negotiations with the other members of the Pacific Forum towards a Pacific Agreement on Closer Economic Relations (PACER) Plus.

## **OPIC and Other Investment Insurance Programs**

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The Australian Government provides assistance to business for the development or expansion of export markets, and business advice on exporting and financial grants through the Export Market Development Grants scheme and the activities of Austrade, Australia's export promotion agency. The Export-Import (EXIM) Bank provides export financing assistance to Australian businesses and, in some cases, overseas buyers. The U.S. Overseas Private Investment Corporation (OPIC) does not extend coverage to Australia, which is not a high-risk or developing country. The U.S. Export-Import (EXIM) Bank provides export financing, in certain circumstances, to firms exporting to Australia.

Australia's unemployment rate was 5.3% in December 2011, seasonally adjusted, down from 5.6% in early 2010. In the year to August 2011, annual average weekly earnings in Australia grew 5.3%, seasonally adjusted. The core inflation rate was 2.3% for the year to September 2011. Real wages have grown strongly over the last decade and the mining boom has led to skills shortages in that sector, particularly in Western Australia.

The Fair Work Act provides a safety net of enforceable minimum employment terms and conditions through the National Employment Standards (NES). The NES sets out 10 minimum workplace entitlements which apply to all employers and employees in the national workplace relations system, though only certain entitlements apply to casual employees. In 2010, a new body, Fair Work Australia, took over the functions of the former Industrial Relations Commission as an arbitrator of industrial disputes and sets minimum wages for lower paid workers.

The number of industrial disputes is low by historical standards but has been increasing. In the year ended September 2011, 214,000 working days were lost due to strikes; compared to 144,000 during the previous year. During the year ended September 2011, 197 industrial disputes were recorded, compared to 221 during the previous year. Other Commonwealth laws set specific employment conditions.

The Superannuation Guarantee (Administration) Act 1992 requires employers to contribute a minimum of 9% of each employee's base salary into that employee's superannuation (i.e., retirement pension) account. Employees may make additional contributions and are entitled to choose their superannuation fund. In the 2010-11 Federal Budget, the government announced that the superannuation guarantee (SG) rate will gradually increase from 9% to 12% between July 1, 2013 and July 1, 2019.

In 2001, the Government established the General Employees Entitlements Redundancy Scheme (GEERS), a taxpayer-funded insurance scheme, in response to growing community concerns about the loss of employee entitlements after several companies collapsed. GEER is a basic payment scheme established to assist employees who have lost their employment due to the liquidation or bankruptcy of their employer and who are owed certain employee entitlements. The scheme covers capped unpaid wages, annual and long-service leave, capped payment in lieu of notice, and capped redundancy pay. Employees currently stand ahead of unsecured creditors, but behind lenders with fixed security, in the creditors' queue following a company collapse. The Australian Government is a party to all International Labor Organization (ILO) conventions.

*General Skilled Migration Program:* Immigration has always been an important source of skilled labor in Australia. The Immigration Department has a 'skilled occupations list' (SOL) which can be used by potential applicants seeking to nominate skilled occupations which are acceptable for permanent and temporary skilled migration to Australia under (1) the General Skilled Migration (GSM) program; and (2) the Employer Nominated Scheme. Applicants must have a nominated occupation which is on the SOL and applicable to their circumstances.

In 2010–11, 168,685 people migrated to Australia, with a skilled worker component of 113,725. There was an increase in the employer-sponsored program to 39% of the skill stream, part of the government's policy to directly target skills shortages through a more

demand-driven approach. For the first time, China was Australia's largest source of migrants with a total 29,547 places, or 17.5% of the total, followed by the United Kingdom (23,931) and India (21,768), respectively. In 2010–11, the government continued to provide for family reunions with 54,543 family places (32% of the total migration program).

*The 457 Long Stay Business visa:* If an overseas company decides to establish a presence in Australia and relocate for its business operations, it may apply for the status of a Business Sponsor and sponsor personnel for a 457 visa through the Department of Immigration. Companies can use the 457 visa program to gain access to priority processing and approval to sponsor skilled workers for six years. The program applies to businesses that used 457 visas for three years and have a commitment to ensure at least 75% of their domestic workforce is Australian. The 457 visa program aims to alleviate skill shortages in growth sectors such as the mining industry. More rapid processing of the 457 visa was announced in November 2011.

## **Foreign-Trade Zones/Free Ports**

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Australia does not have free trade zones.

## **Foreign Direct Investment Statistics**

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### **Levels of Foreign Investment**

The level of foreign investment in Australia increased by A\$61 billion (US\$61 billion) in 2010 to reach A\$1.968 trillion (US\$1.968 trillion). Portfolio investment accounted for A\$1.146 trillion (US\$1.146 trillion) or 58% of the total, direct investment for A\$474 billion (US\$474 billion, or 24% of the total), other investment liabilities for A\$244 billion (US\$244 billion, or 12% of the total), and financial derivatives for A\$104 billion (US\$104 billion, or 5% of the total). Of the portfolio investment liabilities, debt securities accounted for A\$766 billion (US\$766 billion, or 67% of all portfolio investment) and equity securities for A\$380 billion (US\$380 billion, or 33% of all portfolio investment).

The leading investor countries in 2010 by level of investment were the United States, with A\$550 billion (US\$550 billion or 28% of all foreign investment), the United Kingdom with A\$473 billion (US\$473 billion or 24%), Japan with A\$118 billion (US\$118 billion or 6%), the Netherlands with A\$42 billion (US\$42 billion or 2%), Germany with A\$41 billion (US\$41 billion or 2%) and the Hong Kong Special Administrative Region with A\$41 billion (US\$41 billion or 2%). Note: Australian foreign investment statistics are based on current market values. Foreign direct investment (FDI) into Australia in 2010 was valued at A\$94 billion on a flow basis; and the level of FDI in 2009 was A\$1.968 trillion. Australian GDP in 2010 was A\$1.344 trillion, so that the ratio of FDI inflows to GDP in 2010 was 7.0%. The ratio of the stock of FDI to GDP in 2010 was 146.4%.

There is no official listing of major foreign investments by U.S. companies or other nations' companies. The Australian Bureau of Statistics collects this information, but does not release it on a disaggregated basis due to confidentiality provisions in the legislation governing its activities. A list of major new resources and energy projects, which often involve significant foreign investment, is compiled by the Australian Bureau of Resources and Energy Economics (BREE). In October 2011 the BREE reported that

investment in Australia's resources sector continued to set new records with 102 minerals and energy projects at an advanced stage of development, representing committed capital expenditure of A\$232 billion.

### **Australian Investment Abroad**

The level of Australian investment abroad reached A\$1.186 trillion (US\$1.186 trillion) in 2010, an increase of A\$54 billion (US\$54 billion) in the previous year. Direct investment abroad accounted for A\$362 billion (US\$362 billion or 31%), portfolio investment for A\$461 billion (US\$461 billion or 39%), other investment for A\$221 billion (US\$221 billion or 19%), reserve assets for A\$42 billion (US\$42 billion or 4%), and financial derivatives for A\$101 billion (US\$101 billion or 9%). Equity has been the leading form of Australian investment abroad during the past decade. At A\$615 billion (US\$615 billion), equity represented 52% of the total level of investment in 2010.

The leading destination country in 2010 was the United States, which accounted for A\$410 billion (US\$410 billion) or 35% of the stock of Australian investment abroad. Other major countries of investment were the United Kingdom with A\$192 billion (US\$192 billion, 16%), New Zealand with A\$74 billion (US\$74 billion, 6%), Canada with A\$39 billion (US\$39 billion, or 3%), Japan with A\$29 billion (US\$29 billion, or 2%), France with A\$29 billion each (US\$29 billion, 2%), the Netherlands with A\$25 billion (US\$25 billion or 2%).

### **Investment Inflows**

Foreign investment in Australia recorded a net inflow of A\$94 billion (US\$94 billion) for 2010, a decrease of A\$68 billion (US\$68 billion) over the previous year. The leading investor countries were the United States with A\$24 billion (US\$24 billion) or 26%, the United Kingdom with A\$22 billion (US\$22 billion) or 23%, Japan with A\$4.3 billion (US\$4.3 billion) or 5% and Luxembourg with A\$3 billion (US\$3 billion) or 4%.

### **Investment Outflows**

Australian investment abroad recorded a net outflow of A\$59 billion (US\$59 billion) for 2010, a decrease of A\$45 billion (US\$45 billion). The leading destination countries were the United States with A\$24 billion (US\$24 billion) or 41%, the United Kingdom with A\$22 billion (US\$22 billion), Japan with A\$4.3 billion (US\$4.3 billion) or 7.3% and Canada with A\$4 billion (US\$4 billion) or 6.8%.

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## Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
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### How Do I Get Paid (Methods of Payment)

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Australia has a wide range of export financing options available. A few basic tools are described below. Each U.S. company should choose the option that is favorable to both transacting parties. We recommend consulting the international services division of a U.S. or Australian financial institution for a more complete description and recommendations regarding the best option for a given transaction.

**Cash in Advance:** The exporter demands cash in advance before exporting. From the buyer's perspective, this is the least popular method. A U.S. exporter requiring cash in advance lowers his risk but potentially reduces his competitive position. Modified forms of this method (e.g. deposit with progress payments) are normally used for custom-built equipment or other unique products.

**Letters of Credit:** These documents substitute credit issued from the buyer's bank. In the case of Confirmed Irrevocable Letters of Credit, the confirming bank is guaranteeing payment by the issuing bank. A Letter of Credit (L/C), however, includes terms and conditions that the exporter must perform to receive payment. This is a very secure form of payment and is frequently used for new or unknown clients, where there is a higher risk of nonpayment. Offering more flexibility, and not as onerous as Cash in Advance, Letters of Credit still represent an obligation on the Australian importer's credit line, and will incur bank fees.

**Commercial Bills of Exchange:** These bills of exchange (sight and time drafts and cash against documents) are processed through the banks of both parties involved in the transaction. Like a L/C, banks do not guarantee payment or release shipping documents until both parties meet the terms of the exchange.

This method carries higher risk than Letters of Credit, as the importer may refuse to pay. The exporter should obtain credit references or have long-standing relationships with the importer before offering this form of financing. Importers prefer this method because it does not affect their cash flow or tie up commercial credit lines. These advantages to the importer have made it one of the most widely-used forms of trade financing.

The majority of Australian imports from the U.S. allow payment terms from 30 to 180 days from the date of the shipping documents. This method carries the greatest risk to the exporter but is the most attractive to the importer.

## How Does the Banking System Operate

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The four largest retail banks in Australia are Westpac Banking Corporation, Commonwealth Bank, Australian New Zealand Bank (ANZ), and National Australia Bank (NAB). These are four of the ten global banks that carry AA – ratings (from Standard & Poor's ratings made in December 2011). Nevertheless, trade finance liquidity is an issue here as in the rest of the world.

While the banking system in Australia is reliable and transparent, there are structural and operational differences from the American system. Historically, Australian banks have not operated under the restrictions that limited U.S. bank operations between 1933 and the repeal of the Glass-Steagall Act. In Australia, the distinction between retail banks and investment banks has become increasingly blurred.

The Australian banking system is undergoing progressive deregulation and privatization. Foreign banks are allowed to enter the financial market. Retail banks, in general, now provide a wider range of financial services, including: life and general insurance, stock brokering, and security underwriting to retail customers, in addition to making corporate and consumer loans. This places them in competition with brokerage houses and merchant banks.

The Australian Government permits non-Australian banks to operate as branches to serve the wholesale market. Banking regulations, however, only allow retail banking activities through a locally-incorporated subsidiary.

The Reserve Bank of Australia (RBA) sets monetary policy and regulates the payment system. The Australian Prudential Regulation Authority (APRA) oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies (co-ops), and most members of the superannuation industry. APRA currently supervises institutions holding approximately USD 4 trillion in assets for almost 23 million Australian depositors, policyholders, and superannuation fund members (<http://www.apra.gov.au/>).

## Foreign-Exchange Controls

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Australia does not restrict the flow of currency into or out of the country. There are, however, cash reporting obligations under the Cash Transaction Reports Act (CTRA). To control tax evasion and money laundering, the Australian Transaction Reports and Analysis Center (AUSTRAC) must receive reports of international currency transfers of AUD10,000 or more. AUSTRAC does not inhibit normal currency transfers associated with international trade.

The Australian dollar is freely convertible. International supply and demand determines exchange rates. Official policy is not to defend any particular exchange rate level. Reserve Bank intervention is minimal and occurs only to moderate extreme foreign exchange market volatility. Only authorized foreign exchange dealers, including trading banks and most merchant banks, make foreign exchange transactions. There are no specific restrictions regarding the remittance of profits, dividends, or capital.

## U.S. Banks and Local Correspondent Banks

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Please see Web Resources for a list of American and Australian banks and financial institutions.

## Project Financing

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In Australia, many national and international financial management companies provide the complex financial structuring services required to fund projects, using the most competitive package available for a particular project. Long-term debt financing is available from a variety of sources and methods. These include:

- Banks
- Retail investors
- Government loans
- Export credit agencies
- Credit enhancement agencies
- Bonds
- Formation of national and international banking consortia
- BOOT (build, own, operate and transfer)
- Direct investment by local and international companies
- Loan syndicates
- Joint ventures

Project financing includes finance from non-participants (i.e., loan funds by financial institutions) and finance provided by participants (that is, shares in a stock company), as well as a host of hybrid arrangements. U.S. companies participate actively in all types of project financing in Australia.

Traditionally, banks have provided project finance term debt and currently are the only source of project credit. While other sources might fund project loans, funding is undertaken only on the basis of bank credit enhancement, through a bank guarantee or letter of credit. The development of new and innovative funding mechanisms are a key element in financing projects and infrastructure development, as public projects at the federal, state and local levels become available for privatization.

The major trading banks have dominant ownership of the major finance companies, which control about 75 percent of the total assets of the industry. Commercial banks are the major source of medium-term loans. A wide range of merchant banks operate in Australia, many of which are associated with some of the world's largest financial institutions. They also provide short-to-medium term funding.

Venture capital is usually available from management and investment companies, which are funded by tax-deductible capital subscriptions. Other alternatives include: obtaining funds from finance companies (including leasing arrangements), building societies, credit cooperatives or unions, insurance companies, pension and superannuation funds, and cash management trusts.

The larger finance companies obtain their funds mainly by public issues of debentures and unsecured notes, with terms of up to five years. Syndicated lending by Australian and overseas banks provides long-term financing. A specialized market exists for direct borrowing and lending on an unsecured basis between large, well-established companies. Factoring of book debts can be arranged with finance companies, but it is not a widespread practice.

Unlike their U.S. counterparts, Australian banks are free to participate in virtually all forms of financial services, including overdrafts (a traditional form of borrowing), fixed-term loans, commercial bills of exchange, letters of credit, domestic and international debt and equity issues, underwriting, leasing, and Eurocurrency borrowing. A wide range of non-bank institutions also provide financial services.

Several U.S. Government agencies, as well as state and local bodies, offer programs to assist U.S. exporters with their financing needs. Some are guarantee programs that require the participation of an approved lender; others provide loans or grants to the exporter, or to a foreign government. Many of these financing and guarantee programs apply only to high-risk or developing countries. Therefore, most business dealings with Australia do not qualify for coverage.

The Export-Import Bank of the United States (Ex-Im Bank), the United States Government's trade finance agency, offers numerous programs to finance and facilitate U.S. exports through loans and provides guarantees and insurance for loans from commercial sources. Although Australia participates in Ex-Im Bank programs for major projects, such as commercial aircraft sales, there is relatively little Ex-Im Bank activity in Australia.

Other organizations fill various market niches. A group of large banks owns the Private Export Funding Corporation (PEFCO), which makes Ex-Im Bank-guaranteed loans to foreign purchasers of U.S. goods. The U.S. Department of Agriculture offers a variety of programs to foster agricultural exports. The U.S. Small Business Administration addresses the international trade needs of small U.S. exporters.

Because Australia is an industrialized country and a donor nation to the multilateral development banks (MDBs), lending institutions such as the World Bank and the Asian Development Bank do not operate here. Like other prosperous countries, Australia has a large pool of private funding available for debt financing of projects.

World Bank and Asian Development Bank's support for development projects in the developing countries of Asia provides opportunities for American/Australian consortia to compete for MDB-funded contracts. Australian companies often have established relationships in the region and are in a strong position, when teamed with U.S. companies, to offer very competitive bids and performance qualifications.

## Web Resources

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Adelaide Bank Ltd: <http://www.adelaidebank.com.au>

AMP Bank: <http://www.amp.com.au>

Australia and New Zealand Banking Group Limited (ANZ): <http://www.anz.com>

Australian Prudential Regulation Authority: <http://www.apra.gov.au>  
Australian Transaction Reports and Analysis Center: <http://www.austrac.gov.au/>  
Bank of America NA: <http://www.bankofamerica.com>  
Bank of Queensland Ltd: <http://www.boq.com.au>  
BankWest <http://www.bankwest.com.au/>  
Bendigo Bank Ltd: <http://www.bendigobank.com.au>  
BT Financial Group: <http://www.btfunds.com.au>  
Citibank Australia: <http://www.citibank.com.au>  
Commonwealth Bank of Australia: <http://www.commbank.com.au>  
Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)  
Export-Import Bank of the United States: <http://www.exim.gov>  
JP Morgan Australia Pty Ltd: <http://www.jpmorgan.com.au>  
Macquarie Bank Ltd: <http://www.macquarie.com.au>  
Merrill Lynch Australasia: <http://www.ml.com>  
Morgan Stanley Australia Limited: <http://www.morganstanley.com>  
National Australia Bank Limited: <http://www.national.com.au>  
OPIC: <http://www.opic.gov>  
SBA's Office of International Trade: <http://www.sba.gov/oit/>  
State Street Bank and Trust Company: <http://www.statestreet.com>  
St. George Ltd: <http://www.stgeorge.com.au>  
Suncorp-Metway Ltd: <http://www.suncorpmetway.com.au>  
U.S. Trade and Development Agency: <http://www.tda.gov/>  
USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>  
U.S. Agency for International Development: <http://www.usaid.gov>  
Westpac Banking Corporation: <http://www.westpac.com.au>

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## Chapter 8: Business Travel

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### **Business Customs**

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Conducting business in Australia is relatively easy for American companies because the language, cultural environment, business practices, and customer expectations are similar. Australians pay attention to advance planning, promptness, follow-up, and are generally direct in their business dealings. They typically conduct business on a first-name basis and exchange business cards for information purposes, but without any special ceremony. Token gift exchange is not common; however, luncheon and breakfast meetings are common. Australians do not typically schedule business functions on weekends. Business attire is the norm for the cities, and country/rural areas are slightly more informal.

### **Travel Advisory**

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For State Department travel warnings, please visit:  
[http://travel.state.gov/travel/travel\\_1744.html](http://travel.state.gov/travel/travel_1744.html)

For additional State Department information on Australia, please visit:  
[http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_954.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_954.html)

### **Visa Requirements**

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Americans traveling to Australia for business and/or leisure must hold a valid U.S. passport and either a visa or an Electronic Travel Authority (ETA). ETA's are available via the Internet (<http://www.eta.immi.gov.au>), and from participating U.S. travel agents and airlines when making travel arrangements. There is an A\$20 service fee for each ETA application. The Australian Embassy maintains a list of participating travel agencies that can arrange for Americans to obtain ETA's. U.S. citizens traveling to Australia should note that they can only obtain the ETA in the United States.

Americans can apply to Australian Embassies, High Commissions, and Consulates for a visa. For the location of the nearest Australian diplomatic facility, please refer to: <http://www.immi.gov.au/contacts/overseas/index.htm>

Requirements for work and resident visas are more stringent. Americans should contact the nearest Australian visa office well in advance of travel.

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy in Australia Website: <http://canberra.usembassy.gov/visas.html>

## Telecommunications

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Australia's telecommunications infrastructure is excellent and telecom services are relatively inexpensive. Services to businesses include: Internet access, ISDN, voice messaging, and facsimile. Phone cards are commonly used in Australia and can be purchased at numerous retail outlets.

Australian telecommunications providers include: Telstra, Optus, Vodafone, Virgin, and Orange. They have converted their customers to 3G networks. Cellular phone rentals are available at the airport and in the major city centers. You will need to make prior arrangements with your communications carrier or service provider to ensure you are able to use your cellular phone in Australia. You should also make sure your phone equipment can operate in Australia. Power voltage is 240 volts/50Hz. 3G wireless data plans are available and relatively inexpensive. Telstra's network covers virtually all of Australia.

Internet access is widely available at airports, hotels, and Internet cafés. There are many Wi-Fi hotspots in the central business districts (CBDs) of the biggest cities. Facsimile services are also available for public use in post offices, hotels, and some news agencies.

For more information on telecommunications in Australia, see the Australian Communications and Media Authority website at <http://www.acma.gov.au>

## Transportation

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It is a 14-hour non-stop flight from the West Coast of the United States (San Francisco or Los Angeles) to the East Coast of Australia (Sydney, Melbourne, or Brisbane). Several international airlines including Delta Air Lines, Hawaiian Airlines, United Airlines, Qantas Airways, V Australia, Air New Zealand, and Air Pacific fly this trans-pacific route. Most flights depart from the United States late in the evening and arrive in Australia early morning, with a day lost at the International Date Line. Travel to or from Asia, Europe, the Middle East, South America, and South Africa from Australia is also convenient.

Frequent interstate flights connect the five major Australian cities. The major airlines servicing domestic routes include Qantas Airways, Virgin Blue, and Jetstar Airways. Discounts may be available on domestic airfares when purchased in conjunction with international tickets. Australia has an extensive and efficient domestic transportation system, including air, rail, coach, and sea services.

Australians drive on the left side of the road. Major U.S. and Australian car rental agencies operate throughout the country. Reservations are available through airports, hotels, travel agents, or directly, using a credit card and a U.S. or international driver's license.

Public transportation is well developed throughout urban areas. Convenient bus, rail, and air services are available between cities and country towns.

### **International Air Travel Times**

Los Angeles to Sydney - 14 hrs

New York to Sydney (via Los Angeles and San Francisco) - 21 hrs

Honolulu to Sydney - 9 hrs

Tokyo to Sydney - 9 hrs

Hong Kong to Sydney - 9 hrs

Singapore to Sydney - 8 hrs

### **Air Travel Times Within Australia**

Sydney to Melbourne - 1 hr

Sydney to Brisbane - 1 hr

Sydney to Perth - 4 hrs

Sydney to Canberra - 35 mins

Melbourne to Brisbane - 2 hrs

Melbourne to Perth - 4 hrs

Brisbane to Perth - 6 hrs

## **Language**

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Australia is an English-speaking country.

## **Health**

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Australia has no notable health risks and public tap water is safe to drink. There are active campaigns to encourage the population to protect themselves from sun exposure and HIV/AIDS. Medical and dental services, and all types of health facilities, are comparable with those in the United States. Visitors can easily receive medical attention, but may be required to pay for services immediately, either by cash or credit card.

## **Local Time, Business Hours, and Holidays**

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Australia has three time zones: Eastern, Central, and Western. Not all Australian states observe daylight saving time and the dates for the switch to and from daylight savings

time varies. To check the current time in Australia, refer to:  
<http://www.timezoneconverter.com/>

Office business hours are generally between 9:00 am-5:00 pm, Monday through Friday. Most shops in major city centers are open on Saturday and Sunday and at least one night a week for evening trading. Banks are open to the public from 9:00 a.m. to 4:00 p.m., Monday through Friday, with 7-day/24-hour ATM service. Restaurants and convenience stores are typically open for extended hours.

Australians generally take annual vacation in December and January, combining Christmas/New Year with the school summer vacation period. Consequently, business slows down and it may be difficult to schedule business appointments during this time. Business travelers should ascertain whether their contacts are available during this period before scheduling trips to Australia.

A list of Public Holidays in Australia can be found at:  
<http://export.gov/australia/tradeevents/publicolidays/>

## **Temporary Entry of Materials and Personal Belongings**

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Certain goods may be brought into Australia on a temporary basis for a period of up to 12 months without the payment of duty or taxes. These goods are referred to as temporary imports. Approval for temporary imports is granted under Section 162 or Section 162A of the Customs Act 1901.

Goods that qualify as temporary imports may also be imported under carnet, where a security is lodged with a carnet issuing body overseas, or under security, where a security is lodged with the Australian Customs Service (Customs) at the time of import. The nature of the goods, what they will be used for while they are in Australia, and who is importing the goods will determine whether or not the goods will qualify.

There are conditions placed on temporary imports. The most important condition is that you export the goods within the time limits approved. If the goods are not exported within the time limit you will have to pay to Customs an amount equal to the duty and taxes that would have been payable if when you first imported the goods, the goods had not been treated as temporary imports.

For further information, please visit: <http://www.customs.gov.au/site/page4355.asp>

There are no restrictions on the temporary importation of personal computers and software applications for use in normal business situations.

## **Web Resources**

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Australian Communications Authority: <http://www.acma.gov.au>  
Australian Customs: <http://www.customs.gov.au>  
Australian Embassy/Consulate listing:  
<http://www.immi.gov.au/contacts/overseas/index.htm>

Australian Embassy Website: <http://canberra.usembassy.gov/index.html>  
Australian Embassy U.S. Visas Website: <http://canberra.usembassy.gov/visas.html>  
Australian Visa information: <http://www.eta.immi.gov.au>  
Public Holidays in Australia: <http://export.gov/australia/tradeevents/publicholidays/>  
Time conversion: <http://www.timezoneconverter.com>  
U.S. State Dept. Australia: [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_954.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_954.html)  
U.S. State Dept. Travel Warnings: [http://travel.state.gov/travel/travel\\_1744.html](http://travel.state.gov/travel/travel_1744.html)  
U.S. State Dept. Visa Website: <http://travel.state.gov/visa/>

### **Australian Tourist Office**

Australian Tourist Commission <http://www.australia.com>

### **Australian State Tourist Offices**

Australian Capital Territory: <http://www.canberratourism.com.au>  
New South Wales Tourist Commission: <http://www.tourism.nsw.gov.au>  
Victorian Tourist Commission: <http://www.visitvictoria.com>  
Tourism Queensland: <http://www.queenslandholidays.com.au>  
South Australian Tourist Commission: <http://www.southaustralia.com>  
Western Australian Tourist Commission: <http://www.westernaustralia.net>  
Northern Territory Tourism Commission: <http://www.nttc.com.au>  
Tourism Tasmania: <http://www.discovertasmania.com>

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## Chapter 9: Contacts, Market Research and Trade Events

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### Contacts

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Embassy of The United States of America  
<http://canberra.usembassy.gov/>

U.S. Commercial Service Offices in Australia  
<http://www.export.gov/australia>

Senior Commercial Officer for Australia  
Joe Kaesshaefer  
U.S. Commercial Service  
U.S. Consulate General  
Level 59, MLC Centre,  
19-29 Martin Place  
Sydney NSW 2000  
Australia  
Tel: 61 2 9373 9202  
Fax: 61 2 9221 0573  
Email: [office.australia@trade.gov](mailto:office.australia@trade.gov)

For mail from the U.S.:  
U.S. Department of State  
U.S. Consulate General, Sydney  
Attn: U.S. Commercial Service  
4150 Sydney Pl  
Washington DC 20521-4150

U.S. Commercial Service  
U.S. Consulate General  
553 St. Kilda Road, 6th Floor  
Melbourne VIC 3004  
Australia  
Tel: 61 3 9526 5928  
Fax: 61 3 9510 4660  
Email: [office.australia@trade.gov](mailto:office.australia@trade.gov)

For mail from the U.S.:  
U.S. Department of State  
U.S. Consulate General, Melbourne  
Attn: U.S. Commercial Service

4140 Melbourne Pl  
Washington DC 20521-4140

### **AmCham and Bilateral Business Councils**

The American Chamber of Commerce in Australia (Amcham)  
<http://www.amcham.com.au>

Australian American Chamber of Commerce  
<http://www.usa.embassy.gov.au/whwh/AACCinUS.html>

### **Australian Chambers Of Commerce (By State)**

Each Australian state has a Chamber of Commerce to promote business relations and investment, including imports and exports.

NSW (New South Wales) Business Chamber  
<http://www.nswbusinesschamber.com.au/>

Chamber of Commerce & Industry Queensland  
<http://www.cciq.com.au/>

Victorian Employers' Chamber of Commerce and Industry  
<http://www.vecci.org.au>

Business South Australia  
<http://business-sa.com/>

Tasmanian Chamber of Commerce & Industry  
<http://www.tcci.com.au>

Chamber of Commerce and Industry Western Australia  
<http://www.cciwa.com>

### **LEADING TRADE OR INDUSTRY ASSOCIATIONS**

(Listed by Standard ITA Industry Codes)

Australia, like the U.S., has active trade and industry associations that have various information and industry promotion programs to assist their members.

### **General Business and Trade Associations**

Australian Chamber of Commerce and Industry  
<http://www.acci.asn.au>

Australian Commercial Disputes Centre  
<http://www.acdcltd.com.au>

Australian Industry Group  
<http://www.aigroup.com.au/>

Australian Institute of Company Directors  
<http://www.companydirectors.com.au>

Australian Institute of Management – Victoria & Tasmania  
<http://www.aimvic.com.au>

Australian Market and Social Research Society  
<http://www.mrsa.com.au>

Australian Retailers Association  
<http://www.retail.org.au/>

Business Council of Australia (policy advisory group)  
<http://www.bca.com.au>

Consult Australia  
(formerly the Association of Consulting Engineers Australia)  
<http://www.consultaustralia.com.au/>

Customs Brokers and Forwarders Council of Australia Inc.  
<http://www.cbfca.com.au>

Engineers Australia  
<http://www.engineersaustralia.org.au>

Institute of Business Leaders  
<http://www.businessleaders.com.au>

The Institute of Patent and Trade Mark Attorneys of Australia  
<http://www.ipta.com.au>

New South Wales Business Chamber  
(Formerly: Australian Business Chamber)  
<http://www.nswbusinesschamber.com.au/>

Standards Australia  
<http://www.standards.org.au>

### **Accounting Firms (ACT)**

CPA Australia  
<http://www.cpaaustralia.com.au>

Institute of Chartered Accountants in Australia, The  
<http://www.charteredaccountants.com.au/>

### **Agricultural Machinery and Equipment (AGM)**

Barbara Hardy Institute (formerly: Agricultural Machinery Research Design Center)  
<http://www.unisa.edu.au/barbarahardy/>

Tractor and Machinery Association of Australia  
<http://www.tma.asn.au/>

**Aircraft/Parts (AIR)**  
**Airport/Ground Support Equipment (APG)**  
**Aviation Services (AVS)**

Aircraft Owners and Pilots Association of Australia  
<http://www.aopa.com.au>

Airservices Australia  
<http://www.airservicesaustralia.com/>

Australian Aerospace Industry Forum  
<http://www.innovation.gov.au/Industry/Aerospace/Forum/Pages/default.aspx>

Civil Aviation Safety Authority  
<http://www.casa.gov.au>

Helicopter Association of Australasia has closed.

**Automotive Parts/Service Equipment (APS)**

Australian Automotive Aftermarket Association  
<http://www.aaaa.com.au>

Federation of Automotive Products Manufacturers  
<http://www.fapm.com.au>

Federal Chamber of Automotive Industries  
<http://www.fcai.com.au>

Motor Trades Association of Australia  
<http://www.mtaa.com.au>

**Biotechnology (BTC)**

AusBiotech  
<http://www.ausbiotech.org/>

**Books/Periodicals (BOK)**

Australian Booksellers Association  
<http://www.aba.org.au/>

**Building and Construction (CON)**

Australian Building Codes Board

<http://www.abcb.gov.au>

Australian Construction Industry Forum  
<http://www.acif.com.au>

Australian Constructors Association  
<http://www.constructors.com.au>

Infrastructure Partnerships Australia  
<http://www.infrastructure.org.au>

Australasian Tunnelling Society  
<http://www.ats.org.au>

Civil Contractors Federation  
<http://www.civilcontractors.com>

Department of Infrastructure, Transport, Regional Development and Local Government:  
<http://www.infrastructure.gov.au>

Housing Industry Association  
<http://www.hia.com.au>

Master Builders Australia Inc.  
<http://www.masterbuilders.com.au>

**Chemical Production Machinery (CHM)  
Chemicals, Industrial (ICH)**

Chemical Advisory Service  
<http://www.cas.com.au>

Plastics and Chemicals Industries Association  
<http://www.pacia.org.au>

**Computers/Peripherals (CPT)  
Computer Software (CSF)  
Computer Services (CSV)**

Australian Computer Society Inc.  
<http://www.acs.org.au>

Australian Information Industry Association  
<http://www.aiia.com.au>

Australian Interactive Media Industry Association  
<http://www.aimia.com.au>

Australian Visual Software Distributors Association Ltd

<http://www.avsda.com.au/>

Internet Industry Association  
<http://www.iiia.net.au>

### **Defense Industry Equipment (DFN)**

Australian Industry & Defence Network  
<http://www.aidn.org.au/>

Australian Industry Group  
<http://www.aigroup.com.au/>

### **Direct Marketing (DIR)**

Australian Direct Marketing Association  
<http://www.adma.com.au>

### **Drugs and Pharmaceuticals (DRG)**

Pharmacy Guild of Australia  
[http://www.guild.org.au/the\\_guild](http://www.guild.org.au/the_guild)

Medicines Australia  
<http://www.medicinesaustralia.com.au>

National Industrial Chemicals Notification and Assessment Scheme  
[www.nicnas.gov.au](http://www.nicnas.gov.au)

Therapeutic Goods Administration  
<http://www.tga.gov.au/>

### **Education/Training (EDS)**

Adult Learning Australia  
<http://www.ala.asn.au>

Australian Institute of Training & Development  
<http://www.aitd.com.au>

Department of Education, Employment and Workplace Relations  
<http://www.deewr.gov.au/>

### **Electrical Power Systems (ELP)**

Clean Energy Council  
<http://www.cleanenergycouncil.org.au>

NSW Government Industry and Investment: Energy  
<http://www.industry.nsw.gov.au/energy>

Department of Industry, Innovation, Science Research and Tertiary Education  
<http://www.innovation.gov.au>

Energy Supply Association of Australia  
<http://www.esaa.com.au>

Energy and Water Ombudsman (Victoria)  
<http://www.ewov.com.au>

Essential Services Commission  
<http://www.esc.vic.gov.au>

Renewable Energy Generators of Australia is closed

Smart Grid Australia  
<http://www.smartgridaustralia.com.au/>

Warren Centre for Advanced Engineering Ltd, The  
[http://sydney.edu.au/warrencentre/front\\_page.html](http://sydney.edu.au/warrencentre/front_page.html)

### **Electronics (EIP)**

Australian Industry Group  
<http://www.aigroup.com.au/>

Technology Industry Association  
<http://www.tia.asn.au/home>

### **Environmental Technologies (POL)**

Australian Water Association  
<http://www.awa.asn.au>

Office of environment and heritage (formerly Environment Climate Change and Water (NSW))  
[www.environment.nsw.gov.au](http://www.environment.nsw.gov.au)

Sustainable Business Australia  
(Formerly: Environment Business Australia)  
<http://www.sba.asn.au/sba/>

Waste Management Association of Australia  
<http://www.wmaa.asn.au>

### **Film, Videos/Other Recordings (FLM)**

Australasian Performing Right Association and

Australasian Mechanical Copyright Owners Society  
<http://www.apra-amcos.com.au/>

Australian Copyright Council  
<http://www.copyright.org.au>

Australian Council of Film Societies  
<http://www.acmi.net.au/acofs.htm>

Australian Film Institute  
<http://www.afi.org.au>

Australian Recording Industry Association  
<http://www.aria.com.au>

Australian Visual Software Distributors Association Ltd  
<http://www.avsda.com.au/>

Screenrights - the Audio-Visual Copyright Society  
<http://www.screen.org>

### **Financial Services (FNS)**

Australian Prudential Regulation Authority  
<http://www.apra.gov.au>

Australian Securities & Investment Commission  
<http://www.asic.gov.au>

Dun & Bradstreet (Australia)  
<http://www.dnb.com.au>

Reserve Bank of Australia  
<http://www.rba.gov.au>

### **Food Processing/Packaging Equipment (FPP) Foods, Processed (FOD)**

Australian Institute of Food Science & Technology Inc.  
<http://www.aifst.asn.au>

Australian Food and Grocery Council  
<http://www.afgc.org.au>

Food & Beverage Importers Association  
<http://www.fbia.org.au/>

CSIRO Food & Nutritional Sciences  
<http://www.csiro.au/org/FNS.html>

Packaging Council of Australia Inc.

<http://www.pca.org.au/>

### **Franchising (FRA)**

Franchise Council of Australia

<http://www.franchise.org.au>

Office of the Franchising Mediation Advisor, The

<http://www.franchisingmediationadviser.com.au>

### **Information Services (INF)**

Australian Computer Society Inc.

<http://www.acs.org.au>

Australian Information Industry Association

<http://www.aiia.com.au>

### **Investment Services (INV)**

Financial Services Council

<http://www.ifsa.com.au>

### **Jewelry (JLR)**

Jewellers Association of Australia Ltd.

<http://www.jaa.com.au>

### **Machine Tools/Metalworking Equipment (MTL)**

Australian Industry Group

<http://www.aigroup.com.au/>

Australian Manufacturing Technology Institute Limited

<http://www.amtil.com.au>

### **Medical Equipment (MED)**

Australian Dental Industry Association Incorporated

<http://www.adia.org.au>

Australian Therapeutic Goods Administration (TGA)

<http://www.tga.gov.au>

Medical Technology Association of Australia

<http://www.mtaa.org.au>

### **Mining Industry Equipment (MIN)**

Australian Coal Association  
<http://www.australiancoal.com.au>

Australian Institute of Geoscientists  
<http://aig.org.au>

Australasian Institute of Mining and Metallurgy  
<http://www.ausimm.com.au>

Australian Drilling Industry Association  
<http://www.adia.com.au>

Minerals Council of Australia  
<http://www.minerals.org.au>

Mining Equipment & Services Council of Australia  
<http://www.mesca.com.au>

**Oil & Gas Field Machinery (OGM)**  
**Oil, Gas, Mineral Production/Exploration Services (OGS)**

Australia Institute of Energy  
<http://aie.org.au/>

Australian Gas Association, The  
<http://www.aga.asn.au/>

Australian Petroleum Production and Exploration Association  
<http://www.appea.com.au/>

Australian Pipeline Industry Association  
<http://www.apia.net.au/>

Geosciences Australia  
<http://www.ga.gov.au/>

**Packaging Equipment (PKG)**

Packaging Council of Australia Inc.  
<http://www.pca.org.au/>

**Plastic Materials/Resins (PMR)**  
**Plastics Production Machinery (PME)**

Plastics and Chemicals Industries Association  
<http://www.pacia.org.au>

**Pollution Control Equipment (POL)**

Australian Water Association  
<http://www.awa.asn.au>

Sustainable Business Australia  
<http://www.sba.asn.au/sba/>

### **Printing/Graphic Arts Equipment (PGA)**

Graphic Arts Merchants Association of Australia  
<http://www.gamaa.net.au>

Printing Industries Association of Australia  
<http://www.printnet.com.au>

### **Process Control Instrumentation (PCI)**

Institute of Instrumentation, Control and Automation  
<http://www.iica.org.au>

### **Railroad Equipment (RRE)**

Australasian Railway Association Inc.  
<http://www.ara.net.au/>

Australian Railway Industry Corporation  
<http://www.aric.com.au/site/>

### **Security/Safety Equipment (SEC)**

Australian Security Industry Association Limited  
<http://www.asial.com.au>

### **Telecommunications Equipment (TEL) Telecommunication Services (TES)**

Australian Telecommunications Users Group Limited is closed

### **Textiles, Clothing and Footwear (TXP)**

Council of Textile & Fashion Industries of Australia Limited  
<http://www.tfia.com.au>

### **Travel and Tourism Services (TRA)**

Australian Federation of Travel Agents  
<http://www.afta.com.au>

Visit USA Organization Australia  
<http://visitusa.org.au/#>

## **AUSTRALIAN GOVERNMENT AGENCIES**

### **Australian Government Offices in the United States**

Embassy of Australia  
<http://www.usa.embassy.gov.au/>

Tourism Australia  
<http://www.tourism.australia.com/>

### **Key Australian Federal Government Agencies**

Agriculture, Fisheries and Forestry, Department of  
<http://www.daff.gov.au/>

Airservices Australia  
<http://www.airservicesaustralia.com>

Building Codes board, Australian  
<http://www.abcb.gov.au>

Bureau of Statistics, Australian  
<http://www.abs.gov.au>

Climate Change and Energy Efficiency, Department of  
<http://www.climatechange.gov.au/>

Communications and Media Authority, Australian  
<http://www.acma.gov.au>

Competition and Consumer Commission, Australian  
<http://www.accc.gov.au>

Customs and Border Protection Service, Australian  
<http://www.customs.gov.au>

Defence, Department of  
<http://www.defence.gov.au>

Foreign Affairs and Trade, Department of  
<http://www.dfat.gov.au>

Foreign Investment Review Board  
<http://www.firb.gov.au>

Geosciences Australia  
<http://www.ga.gov.au/>

Health and Ageing, Department of  
<http://www.health.gov.au>

Immigration and Citizenship, Department of  
<http://www.immi.gov.au>

Innovation, Industry, Science and Research, Department of

<http://www.innovation.gov.au/Pages/default.aspx>

Infrastructure, Transport, Regional Development and Local Government,  
Department of:

<http://www.infrastructure.gov.au>

IP Australia (Intellectual Property)

<http://www.ipaustralia.gov.au>

Quarantine and Inspection Service, Australian

<http://www.daff.gov.au/aqis>

Taxation Office, Australian

<http://www.ato.gov.au>

Therapeutic Goods Administration, Department of Health and Aging:

<http://www.tga.gov.au>

Treasury, The

<http://www.treasury.gov.au>

## **AUSTRALIAN STATE ECONOMIC DEVELOPMENT AGENCIES**

### **Australian Capital Territory**

Business and Industry Development

<http://www.business.act.gov.au>

### **New South Wales**

NSW Department of Trade & Investment, Regional Infrastructure & Services  
(Formerly: Industry and Investment)

<http://www.business.nsw.gov.au>

Communities Sport and Recreation

<http://www.dsr.nsw.gov.au>

### **Northern Territory**

Department of Business and Employment

<http://www.nt.gov.au/dbe/>

### **Queensland**

Employment and Economic Development

<http://www.dtrdi.qld.gov.au>

### **South Australia**

Department of Trade and Economic Development

<http://www.southaustralia.biz>

### **Tasmania**

Department of Economic Development, Tourism and the Arts

<http://www.development.tas.gov.au>

**Victoria**

Department of Business and Innovation (Formerly: Department of Innovation, Industry and Regional Development)

<http://www.dbi.vic.gov.au/>

**Western Australia**

Department of Commerce

<http://www.commerce.wa.gov.au/index.htm>

Department of Mines and Petroleum

<http://www.dmp.wa.gov.au/>

Department of State Development

<http://www.dsd.wa.gov.au/>

(Formerly all within the Department of Industry and Resources)

**Market Research**

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

**Trade Events**

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://www.export.gov/australia>

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## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://export.gov/australia/>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

**We value your feedback on the format and contents of this report. Please send your comments and recommendations to: [Market\\_Research\\_Feedback@trade.gov](mailto:Market_Research_Feedback@trade.gov)**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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