

Annexure to the DFAT submission - Austrade



THE AUSTRALIAN TRADE COMMISSION

The Australian Trade Commission (Austrade) is the Australian Government's agency charged with export promotion, investment attraction, promotion of international education, and strengthening Australia's tourism industry.

Austrade works with the private sector in Australia and globally to promote stronger trade, investment and education links in international markets. Expanding the international business activities of Australian enterprises and education providers in developing economies will help promote access to investment and capabilities, build skills among local workforces, strengthen supply chains, and ultimately drive economic growth and employment.

Australian businesses play an important role in promoting economic growth and stronger commercial activity in international markets through direct investment, employment creation, skills development, joint ventures, trade in goods and services, as well as technical transfers. Australia, as an open trading economy, has been at the forefront of international efforts to further liberalise the global trading system. Access to international markets, investment flows, and new technology helps developing markets to increase productivity, create efficiencies, and stimulate economic growth.³³

Australian business activities in the region

In addition to its international development programs, the Australian Government plays an important role – through agencies such as Austrade and the Department of Foreign Affairs and Trade – in assisting Australian companies and education providers develop their international business. Australian Government agencies can also play a role in helping governments in developing countries to provide the infrastructure, regulatory environment and institutional capacity to promote economic activity and encourage deeper integration of local economies into the global trading system.

Through commercial engagement in developing economies, private sector firms are also providing training and other programs that assist local economic development. For example Wellard Rural Solutions³⁴ contract to supply the Government of Sri Lanka with high quality Australia dairy cattle, farming infrastructure, plant and equipment and farm management support services (assisted by the Export Finance and Insurance Corporation).

In the Pacific Islands, an overwhelming majority of Australian businesses that have invested and are engaged in these markets are concurrently providing some level of development support. This can take the form of activities such as providing training and skills programs (for instance financial literacy or trade-based skills programs), providing social infrastructure to local employees (for instance mosquito nets to lower risks of malaria), and encouraging the inclusion of women in local business culture.

Austrade and DFAT, through its broader economic diplomacy agenda, have a role to ensure Australian businesses understand their obligations both under domestic laws as well as international guidelines. In many countries in the region, Austrade has helped facilitate discussions between domestic regulators and resources companies which take into account economic development outcomes.

³³ See Porter, Michael E., and Mark R. Kramer. "Creating Shared Value: How to reinvent capitalism – and unleash a wave of innovation and growth". Harvard Business Review, reprint (Jan-Feb 2011). http://www.hks.harvard.edu/m-rcbg/fellows/N_Lovegrove_Study_Group/Session_1/Michael_Porter_Creating_Shared_Value.pdf

³⁴ See EFIC case study at: <http://www.efic.gov.au/casestudies/Documents/EFIC-Case-Study-Wellard-Rural-Exports-Sri-Lanka.pdf>

Opportunities for Australian businesses

Skills and Training

In addition to partnerships between Australian and international universities, a significant driver of economic growth and poverty reduction is vocational training and skills development. Australia has a strong skills framework and our education sector is well placed to deliver skills and vocational training in markets in the Indo-Pacific region. Increased access to high-quality, targeted vocational training encourages economic growth, expands employment opportunities and ensures local business have access to skilled workers that enable them to better compete in domestic and international markets.

For example, the Australian Pacific Technical College is a valuable example of a technical training facility delivered by Australian education and training institutions, that builds vocational and trade-based skills in the Pacific Islands region. The college provides TAFE-standard training in Papua New Guinea and Fiji, and also partners with a number of corporations with activities in those two countries to deliver specific training to relevant employees.

Austrade is aware of strong interest in many international markets in Australia's approach to identifying and addressing skills shortages. For vocational and on-the job training there are opportunities for Australian suppliers to provide courses in market, project-level training, curriculum development, as well as train-the-trainer programs.

In India, for example, Austrade is engaging with major Indian business groups to assess their skills needs and identify opportunities for Australian providers to provide training. Austrade is currently working with an Indian hospital enterprise that is seeking an Australian partner to deliver some of its training needs. A similar level of activity is being undertaken within the ASEAN region, where Austrade recently undertook a mission to identify gaps that could be addressed by Australian education and training providers.

Development contractors

Austrade is aware of strong interest by Australian companies to participate in infrastructure and development projects however businesses, particularly SMEs, find identifying opportunities and tender processes both complex and resource intense.

Earlier this year Austrade supported a mission to the Asian Development Bank in Manila and will run a series of briefings in October to explain tender process and requirements for projects funded by the ADB, IFC and other multilateral funding agencies. Austrade plans to work closely with DFAT to raise awareness of opportunities for Australian businesses to bid for work on projects and programs, increase understanding of tender processes, and promote Australian capabilities to project sponsors and key decision makers.

Potential partnerships between Austrade and DFAT

DFAT and Austrade are well positioned to collaborate on projects that would give practical effect to the Australian Government's economic diplomacy and aid for trade agenda.

Austrade can provide a unique understanding of the challenges faced by the private sector as it does business in developing economies in the region, which will be invaluable in moving into a new aid and development paradigm that constructively connects donors with the private sector. Additionally, Austrade has extensive relationships with in-market stakeholders, such as trade promotion agencies and local peak business bodies, which will be critical in delivering targeted programs in the region such as institutional capacity building.

DFAT and Austrade are working together to identify new, innovative strategies to engage the private sector in driving economic growth and development in the region including through leveraging current aid and development programs.