



Submission No 5

Inquiry into Australia's trade and investment relationship with Japan and the Republic of Korea

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AUSTRALIA - KOREA BUSINESS COUNCIL



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Mr. Paul Zinkel
Inquiry Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
Trade Sub- Committee
Parliament of Australia
Parliament House
Canberra,

22nd July 2011

Dear Sir,

**Re: NEW INQUIRY INTO AUSTRALIA'S TRADE AND
INVESTMENT RELATIONSHIP WITH JAPAN AND THE
REPUBLIC OF KOREA.**

Please find attached the submission to this inquiry prepared and submitted on behalf of the Australia-Korea Business Council (AKBC).

Please contact me on 0417 680 452 or by return email if you have any further questions regarding this submission.

With kind regards.

Yours truly

John Wotton
Executive Director
AKBC
22.7.11



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Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade.

Trade Sub -committee.

NEW INQUIRY INTO AUSTRALIA'S TRADE AND INVESTMENT RELATIONSHIP WITH JAPAN AND THE REPUBLIC OF KOREA

Submission made by the Australia-Korea Business Council (AKBC)

AKBC welcomes the opportunity to provide a submission on this topic and will only comment on those issues regarding the Republic of Korea and will not comment on the subject as it relates to Japan..

About AKBC

The Australia-Korea Business Council (AKBC) exists on behalf of its members and seeks to foster friendship and understanding between the business communities of Australia and Korea and to promote technical and economic cooperation, trade investment, education and tourism between the two countries.

This is achieved internationally through an Annual Joint Meeting between AKBC and Korea-Australia Business Council (KABC), in turn in Australia and Korea respectively. Thirty one (31) such meetings have been held since the commencement in 1978. The current Chairman of AKBC is Mr. John Walker AM Chairman of Macquarie Group of Companies in Korea and Chairman of Macquarie Finance Advisory. The current Chairman of KABC is Joon –yang Chung Chairman of POSCO, Australia's largest single export customer in the World. In Australia AKBC arranges meetings and roundtable discussions between Australia and Korea business to progress the relationship.

Membership of AKBC is made up of the major Corporations involved in trade (up to 80 percent) between Australia and Korea. Recently the constitution has been revised to accommodate a business and professional membership to reflect the changing nature of the relationship between Australia and Korea as more small and medium size business enterprises begin operations in business and trade between the two countries.

The nature of Australia's existing trade and investment relations

The Republic of Korea (ROK) is Australia's 4th largest trading partner * (\$25.8 billion in 2009/10) and 3rd most important export destination (\$20.4 billion in 2009/10).

ROK investment in Australia totaled \$8.3 billion in 2009 and Australian investment in the ROK was \$6.8 billion over the same period.

The ROK market for Australian goods and services is growing and the investment by ROK in Australia is also growing.

The balance of trade is extremely well in favour of Australia – a fact that is not lost on the political landscape in ROK.

Coal, iron ore and other minerals and beef are the most important exports to ROK from Australia. Investment and services and education and tourism have also been most important. Since the increase in the value of the Australian dollar some of these exports have been affected and the services areas of education and tourism particularly.

Passenger motor vehicles, white goods and refined petroleum products lead the way as far as imports into Australia from ROK are concerned.

Emerging and possible future trends in these relations

Each year the AKBC and its counter organization in ROK, the KABC, meet to discuss future directions and trends in the business relationship. At the conclusion of the Joint Meeting a Joint Statement on the outcomes from the discussions is signed by respective Chairs of the AKBC and KABC.** I attach a copy of the Joint Statement of the 31st Joint Conference held in Seoul ROK on 28th May 2010 for members' information.

The 32nd Joint Meeting is scheduled to be held in Sydney on 16-17 October 2011.

Barriers and impediments to trade and investment with ROK for Australian Business.

The AKBC does not have a specific comment on this topic as it will be different for each business dealing in the ROK.

In a general sense it has been agreed by AKBC members at various forums held over the last five years that the relationship is a mature one and as issues arise, generally through sometimes tough negotiations, most issues can be resolved.

Members of AKBC are keen to see an early successful resolution to a Free Trade Agreement (FTA) between the two countries and are heartened by the agreement between the President of Korea Myung- bak Lee and Prime Minister Gillard on her trip to Korea in April 2011 that a successful resolution will be delivered by the end of 2011.

**Source Department Foreign Affairs and Trade website*

*** Attachment – Korea-Australia/Australia – Korea Business Councils Joint Statement of the Thirty-First Joint Conference 28th May 2010*

Opportunities for deepening existing commercial links, and developing new ones, with the ROK.

- Successful conclusion to an FTA between the two countries
- The interest in developing so called “Green Energy” projects in both countries
- The position of Australia and Korea as middle powers in terms of the political landscape in the world and their geographical location in Asia and the Pacific. This provides commercial opportunities in the areas of defence and military hardware and software.
- Australia’s strong position to carry out research and deliver results to an increasingly well educated, aging population and modern market in ROK.
- Service sector cooperation and continue to build on providing food and natural resources to the ROK for their population and effective and efficient industrial base.
- Further develop investment opportunities between the two countries and look to partnering commercially in developing infrastructure in other markets.

The role of the government, in identifying new opportunities and assisting Australian companies, to access existing and potential opportunities, in ROK.

This has been effectively carried out in the past through the Department of Foreign Affairs and Trade and AUSTRADE and NGO’s and we encourage sufficient funding by government and industry to ensure they are able to continue their roles effectively.

John Wotton
Executive Director
AKBC
21.7.11

Korea-Australia/Australia-Korea Business Councils
Joint Statement
of the
Thirty-First Joint Conference
28th May 2010

The Korea-Australia Business Council, led by its chairman, Joon-Yang Chung, and the Australia-Korea Business Council, led by its chairman John Walker, held its 31st Joint Meeting at Shilla Hotel in Seoul, Korea, on 28th May 2010, to discuss matters of current interest to the business communities. From the Government, Mr. Kyung Sik Kim, Deputy Minister for Trade & Investment Policy Office of the Ministry of Knowledge Economy in Korea, and Sam Gerovich, Australian Ambassador to Korea, addressed the keynote speech at the opening session, respectively.

Korea-Australia Free Trade Agreement – The two Councils declared strong support for the Korea-Australia FTA, currently undergoing its 5th round of negotiations (May 24th-28th) in Canberra, Australia. The councils believe an FTA between Korea and Australia will support an already significant, highly-complementary and growing trade and investment relationship, and bring about substantial and practical benefits to both countries.

G20: Cooperation between Korea and Australia – The councils agreed that the global economy is in a stage of recovery, and efforts made by the G-20 to fully overcome the crisis and stimulate economic growth remain of utmost importance.

The speaker from the Seoul G-20 Committee discussed the agenda, current progress and goals for the upcoming Seoul G-20 Summit in November. The councils expressed support for Korea's leadership in the G-20 and its forthcoming chairmanship, and agreed to closely cooperate on related matters in the coming months.

Service Sector Cooperation – Speakers from each country discussed service sector cooperation between Korea and Australia, concentrating on tourism and education. The speaker from Korea shared information on major projects undertaken by the Korean government to facilitate tourism, and suggested ideas to enhance tourism exchange between the two countries. The Australian speaker introduced current education services cooperation between the two countries and proposed areas that needed further collaboration. Members agreed on the importance of future efforts such as strengthening working holiday programs and promoting digital education to enhance service sector cooperation.

Green Energy – Council members moved on to discuss Green Energy, an important new growth engine to both Korea and Australia. Speakers reviewed the current development of nuclear energy in Korea, and advancements in wind and solar power in Australia. Council members

discussed areas of mutual interest and potential opportunities for cooperation and collaboration between the two countries to accomplish shared goals. They also agreed to explore opportunities for collaboration on investment and the development of new, renewable and green technologies.

Natural Resources – Speakers reviewed current investments and future investment plans in natural resources in Korea and Australia, and examined successful strategic investments made in emerging markets resources. The councils explored issues to be addressed by the government to improve investment environment and emphasized the need to develop a Korea-Australia partnership to support investment in emerging markets.

Council Meeting in 2011 – Both councils expressed satisfaction with the outcome of the 31st Joint Meeting and agreed to hold the 32nd joint meeting in Australia, at a mutually convenient date.



Mr. Joon-Yang Chung
Chairman
Korea Australia Business Council



Mr. John Walker
Chairman
Australia Korea Business Council