



Our Ref: Market 20-001

4 February 2020

Mr Andrew Dawson
Inquiry Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Mr Dawson

Inquiry into activating trade and investment between Australia and Pacific island countries

As Chair of Trade and Investment Queensland (TIQ), I welcome the opportunity to comment on the Joint Standing Committee on Foreign Affairs, Defence and Trade's *Inquiry into activating trade and investment relationships with Pacific Island countries*. Please note, the comments and opinions expressed in this submission are those of TIQ and may not reflect the views of the Queensland Government.

Firstly, I would like to highlight TIQ's strong and enduring interest in promoting trade and investment with the Pacific Islands and Papua New Guinea (PNG). As Australia's gateway to the Pacific and PNG, we promote, and sponsor, events by business councils focussed on the Pacific and PNG.

As you would know, Queensland is the only Australian jurisdiction with a Memorandum of Understanding (MOU) with PNG. The MOU supports a range of cooperative activities between PNG and Queensland, including trade and investment, but also cultural and sporting links, gender equity, public administration, education and training, disaster resilience and emergency services. The PNG Prime Minister re-signed a four-year MOU with the Premier of Queensland when he visited Queensland in August 2018.

1. Nature of Australia's existing trade and investment relationships with Pacific island countries and the potential that is presented by the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) for enhancing those relationships

Queensland has strong, existing trade and investment relationships with Pacific Island countries. I have included below key trade statistics and attached the complete trade profiles for your reference.

- In 2018–19, PNG was Queensland's 15th largest merchandise trading partner (exports plus imports), with Queensland's merchandise exports to PNG totalling \$921.7 million. This represented 37.7% of Australia's total exports to PNG. In addition, Queensland welcomed 34,453 international visitors from PNG last financial year and 1,105 international student enrolments in 2018.
- Fiji was Queensland's 51st largest merchandise trading partner (exports plus imports) in

2018–19, with Queensland's merchandise exports to Fiji totalling \$62.4 million. In addition, Queensland welcomed 19,914 international visitors from Fiji last financial year and 119 international student enrolments in 2018.

- Solomon Islands was Queensland's 59th largest merchandise trading partner (exports plus imports) in 2018–19, with merchandise exports totalling \$42.2 million and merchandise imports totalling \$4.8 million. In addition, Queensland welcomed 7,566 international visitors from Solomon Islands last financial year and 114 international student enrolments from Solomon Islands in 2018.

Queensland businesses continue to benefit from current Free Trade Agreements (FTAs) and TIQ supports all efforts to increase trade and investment with Queensland. TIQ also encourages the Federal Government to continue to strengthen and streamline Australia's engagement with international trading partners.

2. Opportunities to strengthen trade, investment, aid for trade and employment links between Australia and Pacific island countries and how they can be captured

Under the Federal Government's Pacific Step Up, significant opportunities exist across the Pacific and PNG. This includes:

- in PNG, opportunities in mining equipment, technology and services; support for infrastructure and construction; agriculture, particularly meat and wheat; tourism; education and training; and professional services.
- in the Solomon Islands, opportunities in infrastructure investment services; mining; tourism development; sustainable forestry; education; agri-industry and fisheries.

Further, as you would know, Federal funding commitments for infrastructure projects in the Pacific are designed to boost private sector involvement in development aid and will continue to generate new commercial opportunities. A significant percentage of the PNG aid-funded projects by the Federal Department of Foreign Affairs and Trade (DFAT) and multi-lateral development banks, are delivered by Queensland based companies (e.g. Cardno, Abt Associates Australia, and Palladium). These projects are largely focused on infrastructure, health, and education as well as humanitarian initiatives.

In addition, last financial year, Study Queensland funded the 'Australia's Pacific Knowledge Hub: Showcasing Queensland's Pacific Research Expertise' project and the International Education and Training Partnership Fund projects. This project is being led by Griffith University and the University of Queensland, and the consortium will produce a database of Queensland's Pacific linkages. This will be invaluable for Queensland exporters, education sector stakeholders and governments. It will also create national, and international, awareness of Queensland's unique Pacific-relevant knowledge base, partnerships and the Queensland presence (including universities, researchers and industry) across the Southwest Pacific.

3. Barriers and impediments to trade and investment between Australia and Pacific island countries and how they can be mitigated

According to the World Bank, Pacific Island countries share similar challenges and opportunities as remote island economies. They are small in size with limited natural resources, narrowly based economies, large distances from major markets, and vulnerable to external shocks; all of which can

affect growth and have often led to a high degree of economic volatility. TIQ understands that the lack of foreign currency reserves in PNG mean that Australian exporters into PNG often wait months for payment. With delayed payment it has ramifications for their cash flow. This affects smaller companies more than multi-nationals.

In addition, there are still significant market entry barriers for Queensland companies engaged with PNG, including high levels of crime.

Traditionally, Australian investment in the Pacific Islands, including PNG is around large-scale projects. To attract new investment, it is considered important that these markets develop new investment policies designed to encourage and attract companies to generate business.

4. Role and effectiveness of support structures and networks, including government, business, sport, Pacific diaspora communities in Australia, and areas of civil society, and how they can assist with identifying and capturing trade and investment opportunities for Australia and Pacific island countries

The Australia PNG Business Council (APNGBC) was established in 1980 with the aim of providing a framework for the private sector to communicate with the Federal and PNG governments at the highest political and policy levels, with a view to solve trade and investment issues. It also provides members with a network to help further their business goals in PNG.

TIQ has been a member of the APNGBC since 2004. As TIQ does not have an office or Commissioner in the Pacific, its membership enables TIQ to gather market intelligence and create beneficial networks in PNG and the Solomon Islands. The key annual PNG business event is the Australia-Papua New Guinea Business Forum and Trade Expo, organised by the APNGBC. TIQ has a good working relationship with the APNGBC and has been a longstanding sponsor of the forum and expo when it is held in Queensland every second year.

Tradelinked Cairns-PNG-Pacific is the most proactive regionally focussed network promoting trade between Queensland and PNG. Part of the Cairns Chamber of Commerce, it facilitates the engagement of businesses trading between the Cairns region and PNG, predominantly Port Moresby and Lae. Activities are now expanding to include Bougainville and other areas of the Pacific.

Given the strength and proactive approach of the APNGBC, Tradelinked Cairns-PNG-Pacific, and the considerable development assistance provided by the Australian Government, TIQ is best served by partnering with these associations to support Queensland business endeavours in the Pacific Islands.

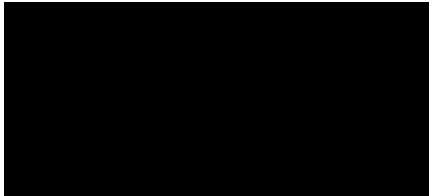
5. The views, norms and cultural practices relating to trade and investment in Australia and Pacific island countries and how differences can be accommodated

The Speaker of the Queensland Legislative Assembly, the Honourable Curtis Pitt MP, led a Parliamentary Trade and Investment Mission consisting of six Members of Parliament to attend the 35th Australia Papua New Guinea Business Forum and Trade Expo from 16–18 June 2019. These types of engagements, particularly where they are bilateral in nature, promote understanding and build on Queensland, PNG's and the Pacific's shared cultural heritage and strong people-to-people links.

Thank you for providing the opportunity to comment on the Committee's terms of reference. TIQ looks forward to working closely with the Federal Government to achieve the best possible outcomes for Queensland, and Australia, through increased engagement with the Pacific.

Should the Secretariat require any further information, please do not hesitate to contact Mr Paul Martyn, TIQ Chief Executive Officer via email at Paul.Martyn@tiq.qld.gov.au or via telephone on +61 7 3514 3001.

Regards



The Honourable Steve Bredhauer
Chair
Trade and Investment Queensland