

**Submission to the Joint Standing Committee on Trade and Investment Growth Inquiry
into the trade system and the digital economy**

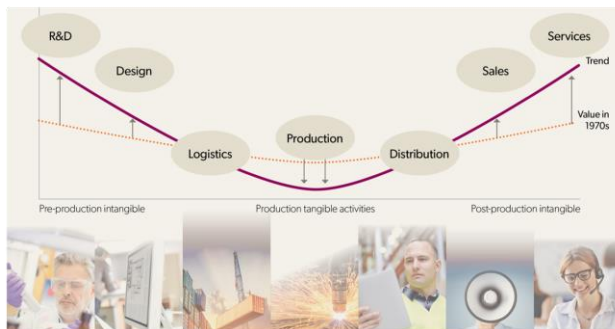
17 November 2017

The Advanced Manufacturing Growth Centre (AMGC) was formed in 2015 as part of the Australian Government's key plank of its Industry Innovation and Competitiveness Agenda. It is an industry led, not-for-profit organisation which supports the development of a world-leading advanced manufacturing sector in Australia.

The AMGC developed a Sector Competitiveness Plan in consultation with Australian and global manufacturers, local research organisations, industry associations and governments. The plan sets out a ten-year strategy to enhance the competitiveness of the manufacturing sector in order to become and remain globally competitive. It was released in January 2017; a full copy can be downloaded [here](#).

A key message from the AMGC's Sector Competitiveness Plan is that manufacturing is more than production alone. Manufacturing includes the full spectrum of making things starting with research and development, design, supply chain management, then production through to sales and after-sales services. As illustrated below, the value in manufacturing is shifting from production to pre- and post-production. In other words, the potential for Australian manufacturers can now comprise of other factors which do not entirely depend on where the product is physically made, but where the IP resides; and value adding to steps other than production are being incorporated which can continue to be in Australia.

**THE NATURE OF GLOBAL MANUFACTURING HAS CHANGED
AND SO MUST OUR VIEWS AND APPROACH**



Source: Curve adapted from 'Interconnected economies benefitting from global value chains', OECD 2013

With this trend moving away from pure production and to strongly embrace the full value chain of manufacturing, the industry and its associated ecosystem of supporting partners must also adapt to the new way of operating. This includes adoption of technological innovation in digital trade practices and processes.

Therefore, the AMGC supports the Export Council of Australia and their submission. The three recommendations are to:

1. prioritise a digitised trading system for Australia;
2. strengthen policymaker's understanding of digital trade and ecommerce; and
3. make free trade agreements relevant for ecommerce

First, as Australian manufacturers compete globally, the export of IP and the use of ecommerce becomes more prevalent. This may consist of sending proto-type schemas for 3D printing off-shore to be closer to the end customer's site, or sending auto-cad/cam designs to a manufacturer as part of a supply chain order, or transact with multiple jurisdictions in multiple currencies as global trade is now mostly made up of intermediate goods and not finished items. The ease of adopting digital currencies, digital protocols and cyber security is vital for Australia's manufacturing sector to remain vibrant.

In addition, AustCyber (the Australian Cyber Security Growth Network) supports in-principle the recommendations of the ECA. Australia should be looking to create innovative trade arrangements that promote cyber security resilience. Cyber Security now underpins every business and every national economy, and take advantage of the digital age.

Finally, the creation of the Prime Minister Industry 4.0 Taskforce exemplifies the shift in Australia's manufacturing priorities. The AMGC is working diligently with the sector and various cross-industry stakeholders to ensure that every manufacturer understands the benefits of becoming more digitally astute. Having a robust and secure digital trade system with the support of a digitally literate policy group, and illustrated through updated trade agreements reflects the PM Taskforce's intention of building a manufacturing sector that can compete globally and continue to contribute to the nation's prosperity.