



Australian Government

Australian Government response to the Joint Standing
Committee on Foreign Affairs, Defence and Trade
report:

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

[February 2015]

Government response to the Joint Standing Committee on Foreign Affairs, Defence and Trade's inquiry into Australia's trade and investment relationship with Japan and the Republic of Korea

The Australian Government welcomes the Report of the Joint Standing Committee on Foreign Affairs, Defence and Trade's inquiry into Australia's Trade and Investment Relationship with Japan and the Republic of Korea, tabled on 3 June 2013. The Report underscores the importance of these respective relationships to Australia's economic prosperity as well as identifying the challenges and opportunities to deepen and broaden these relationships.

The Prime Minister, the Minister for Foreign Affairs and the Minister for Trade and Investment have all made productive early visits to both Japan and the Republic of Korea to reaffirm the importance of the respective trade and investment relationships and enhance economic cooperation with both these close partners in the region. In 2014 trade agreements were signed with both Korea and Japan. The Korea-Australia Free Trade Agreement (KAFTA) entered into force on 12 December 2014 and the Japan-Australia Economic Partnership Agreement (JAEPA) entered into force on 15 January 2015. These agreements open up opportunities for Australian exporters and investors to expand their businesses into these two key overseas markets.

The Department of Foreign Affairs and Trade will be leading a whole of government economic diplomacy agenda that brings together Australia's foreign, trade, development and other international economic activities, to deliver greater prosperity for Australia, our region and the world. Economic Diplomacy Country Strategies have been developed for both Japan and the Republic of Korea with specific goals that advance the four objectives of economic diplomacy (Trade, Growth, Investment and Business) in the short (1 year) and medium (3 years) term.

Japan

Recommendation 1

The Committee recommends that the Australian Government continue to prioritise negotiation and conclusion of a comprehensive free trade agreement with Japan that addresses the numerous barriers, particularly in the agricultural sector, to trade and investment between Australia and Japan.

Response: Supported.

Australia and Japan signed the Japan-Australia Economic Partnership Agreement (JAEPA) in Canberra on 8 July 2014 during Prime Minister Abe's visit to Australia. Negotiations had previously been concluded in Tokyo on 7 April 2014 during the visits of the Prime Minister and the Minister for Trade and Investment. The Australian Government prioritised the conclusion of the agreement with Japan, Australia's second-largest trading partner, but a

market where agricultural exports face significant barriers. Improved agricultural market access was a key priority in the negotiations and the EPA will deliver outcomes across a range of sectors, including on Australian beef, Australia's largest agricultural export to Japan. JAEPA entered into force on 15 January 2015. DFAT's economic diplomacy strategy is focused on ensuring that JAEPA acts as a catalyst to further develop the already close economic ties between Australia and Japan.

Recommendation 2

The Committee recommends that the Australian Government investigate establishment of a complementary program to the Japan Exchange and Teaching Programme (JET) to facilitate improved cross-cultural links between Australia and Japan.

Response: Noted.

In 2011, the Australian Government commissioned a feasibility study into a reverse Japan Exchange Teaching program (JET) in Australian schools. The final report was delivered to the former Department of Education, Employment and Workplace Relations in April 2012.

The Australian Government is committed to supporting languages education in Australian schools and recognises the importance of young people learning a language, including Asian languages. State, territory and non-government education authorities have the primary responsibility in following this pathway as they have responsibility for the registration and employment of teachers in their jurisdictions. The Australian Government has committed to a series of measures to revive the teaching of languages in Australia, including Japanese, and increasing the numbers of language teachers. This includes working with Teach for Australia to actively recruit specialist language teachers. In addition, the Government's Teacher Education Ministerial Advisory Group recommended that higher education providers equip all primary pre-service teachers with at least one subject specialisation, prioritising languages other than English, mathematics and science. Additionally, the Australian Government's New Colombo Plan will utilise education to facilitate improved cross-cultural links between Australia and Japan. It aims to lift knowledge of the Asia Pacific in Australia and strengthen our people-to-people and institutional relationships, through study and internships undertaken by Australian undergraduate students in the region. Japan was one of four locations to participate in a pilot programme of the New Colombo Plan in 2014.

Recommendation 3

The Committee recommends that the Australian Government showcase the benefits of a coordinated approach to marketing, such as that used by Meat and Livestock Australia, in its export facilitation activities.

Response: Supported.

Australia is "open for business" has been the overriding message from the Government since September 2013 and was a key theme of Australia's unprecedented trade mission led by the Prime Minister in April 2014 to China, Japan and the Republic of Korea.

Austrade's Building Brand Australia Program was established to enable government and industry to communicate a contemporary, consistent and confident image of Australia. The program developed a sound understanding of international perceptions of Australia and an overarching visual identity and theme – Australia Unlimited – to promote Australia's intellectual, commercial and creative credentials.

Use of Australia Unlimited acted as a catalyst for a strategic, whole of government approach. Examples include Oz Fest India, the Australian Embassy to Germany's 60 years of diplomatic and trade relations program, and the Major Sporting Event Capability program that has extended beyond the London Olympics.

Country research for Japan and Korea is available to government agencies involved in marketing activity in these countries. Austrade encourages the use of Australia Unlimited as an overarching nation brand which can bring together participating industry associations, states and territories in a Team Australia approach.

Australia Unlimited in Japan

Australia Day in Spring (ADIS) is the annual event hosted by the Australian Ambassador to Japan at the Embassy's garden during the cherry blossom season in Tokyo. Over one thousand guests made up of key investors, importers, politicians and media representatives typically attend ADIS each year. The Australia Unlimited branding will again be used at ADIS in 2015.

Future Unlimited is a sub-brand of Australia Unlimited. In Japan various education seminars were held under the Future Unlimited brand such as regular education agent seminars and Global Human Capital seminars in Osaka and Tokyo. In 2014 Austrade presented to more than 10,000 students with some seminars attracting more than 400 people. Austrade's Japan Education team takes every opportunity to promote through the Future Unlimited brand, displaying banners and providing marketing materials.

In addition to current promotional activities, in the lead up to and since the entry into force of JAEPA, Austrade has focused on promoting the benefits and opportunities for Australian companies.

Tourism

The tourism industry provides an excellent showcase of the benefits of a coordinated approach to marketing Australian tourism in Japan. Japan is a priority market for Tourism Australia, likely to be worth up to \$3.3 billion in overnight expenditure by 2020. There were 329,100 visitors from Japan for the year ending September 2014, an increase of 0.8 per cent compared to 2013.

Each year Tourism Australia engages the support of industry partners and airlines in international cooperative marketing programs to ensure maximum leveraged state and territory government and private sector investment. In particular, partnerships with international airlines help to convert consumers' desire to travel to Australia into travel

bookings through a combination of destination messaging in price-point marketing under the marketing banner, 'There's Nothing like Australia'.

Recent campaign activity includes an Asian Cup 2015 campaign in print, digital and out-of-home channels. Highlights include three full colour insertions in the Asahi newspaper, a dedicated webpage dedicated to the Asian Cup on Ashai.com, and promotional activity at the 'Kirin Challenge Cup'; a friendly match between Australia and Japan. Additionally, in response to the growing demand globally for food and wine as part of the travel experience Tourism Australia has evolved its 'There's nothing like Australia' campaign to put the spotlight on Australia's finest array of produce served in the most stunning locations in the world with its Restaurant Australia campaign. Tourism Australia is currently running an extensive Restaurant Australia/There's Nothing Like Australia brand campaign across digital, print, out-of-home and social channels. In 2014/15, Tourism Australia is investing \$3.8 million in the Japan market.

More broadly for industry, a coordinated approach to marketing would highlight the potential benefit to Australia's SMEs in better exploiting overseas opportunities through such an approach. That said there would potentially be difficulties in applying the marketing approach of Meat and Livestock Australia to other, less defined sectors, such as professional services.

Food and agriculture

Work is currently underway on an Agricultural Competitiveness White Paper. The development of a national food brand is being considered as part of a broader debate about agricultural productivity and profitability.

Research conducted as part of a national food brand project undertaken by Austrade, with funding from the Department of Agriculture, provided a comprehensive snapshot of the current positioning of Australian food in several key export markets, including Japan, and will help inform the forthcoming White Paper. This research also examined the opportunities to maximise Australia's market presence through a coordinated approach to international promotion and an evidence-based food brand positioning, building on our 'clean, green and safe' image and well-differentiated nation brand.

In addition, the benefits of coordination across governments and industries are being pursued through a 'Team Australia' approach to market access and trade development. Developing and implementing this approach is supported by the Primary Industries Technical Market Access and Trade Development task group, chaired by the Department of Agriculture and involving the CEOs of state and territory agriculture and trade departments, as well as DFAT and Austrade. The task group is supporting a more collaborative and team approach between governments, and ultimately industries, to enhance the effectiveness of market access and trade development efforts on behalf of Australia's agricultural sector. The Department of Agriculture has also held a number of roundtable meetings with industries, rural research and development corporations (RDCs) and the states and territories over the past year to progress the 'Team Australia' objective.

Ten of the 15 RDCs conduct marketing activities on behalf of primary industry sectors where the industry has voted to establish a marketing levy. Overseas marketing efforts by the RDCs are focused on coordinated promotion of an Australian product. In late 2013, the government successfully introduced legislative changes which will allow the remaining five RDCs to conduct marketing activities where this is requested and paid for by related industries.

Republic of Korea

Recommendation 4

The Committee recommends that the Australian Government seek to conclude negotiations on a comprehensive and liberalising free trade agreement with the Republic of Korea as a matter of urgency.

Response: Noted

The Government has concluded negotiations with the Republic of Korea on the Korea-Australia Free Trade Agreement (KAFTA) in December 2013 and signed the agreement on 8 April 2014 in Seoul. The Agreement entered into force on 12 December 2014. Rounds of tariff cuts under the agreement took place on entry into force in December and on 1 January 2015.

Recommendation 5

The Committee recommends that the Australian Government recognise the significance of Australia's current and potential relationship with the Republic of Korea by designating Korean as a priority language in school education.

Response: Noted

In October 2013, the Australian Government added Korean to the Nationally Strategic Languages list for the purposes of Commonwealth Grant Scheme funding agreements with universities. With Korea agreeing to be involved in the New Colombo Plan from 2015, Australian undergraduate students will be able to deepen their cultural appreciation of the country and in some cases learn its language, through a diverse range of study and internship experiences in Korea.

The Government supports Korean language education in Australia, including supporting professional development of Korean language teachers through the Endeavour Language Teacher Fellowship Programme and by providing alternative pathways to learn Korean through Community Languages Australia. The Australia-Korea Foundation has sponsored Australian university students to study in Korea to develop a good understanding of Korean language, culture, society, politics, economy and the bilateral relationship (10 students in 2012-13, 15 in 2013-14 and 11 in 2014-15). A Korean language school curriculum for language learners without a background in Korean is under development by the Australian Curriculum, Assessment and Reporting Authority. This element of the national languages curriculum will support the delivery of Korean language education in schools.

Recommendation 6

The Committee recommends that the Australian Government prioritise and promote Australia's relationship with the Republic of Korea, with the objective of broadening and deepening the relationship between the two countries.

Response: Noted

Our relationship with the Republic of Korea is one of Australia's five principal relationships in Asia. The Government has demonstrated its firm commitment to strengthening the growing relationship, through regular high-level contacts with their Korean counterparts by Australian Government ministers including the Prime Minister, the Foreign Minister and the Trade and Investment Minister. In addition to the signature of the Korea-Australia Free Trade Agreement during the Prime Minister's April 2014 visit, a new security focused vision statement was adopted. This vision statement reflects our growing security links, and Australia's status as the only country apart from the US with which the Republic of Korea has regular joint meetings of defence and foreign ministers.

The Australia-Korea Foundation (AKF) of the Department of Foreign Affairs and Trade, led by an independent board, seeks to deepen bilateral engagement, beyond the strong and complementary trade relationship, through supporting a wide range of people-to-people initiatives. This includes cultural, sporting and academic pursuits, along with business and community exchanges. This soft power engagement complements Australia's diplomatic and economic engagement and strengthens Australia's ability to positively influence other countries. Supporting our most attractive assets - our people and their passion and dedication to culture, education and sports - builds trust at personal levels and enhances Australia's reputation. The AKF's 2014-15 priority areas were Korean language and literacy, science innovation, and sports diplomacy. Grants supported recently include: the Australia-Korea Internship Program; the Korea Research Institute (to convene Korean language teaching expertise); media internships; journalist exchanges; Korea Day at Parramatta Stadium in the lead up to the AFC Asian Cup; theatrical and dance performances; and an Australian exhibition at Korea's Dong Gang Museum of Photography.

In 2013-14, the Department of Foreign Affairs and Trade worked with all levels of government, business, institutions and community groups to develop a comprehensive country strategy to broaden and deepen engagement with the Republic of Korea. This work has better identified whole-of-Australia objectives and priorities for the relationship.

Recommendation 7

The Committee recommends that the Australian Government prioritise its support for Australian businesses seeking to enter the Korean market, with a focus on improving understanding of the market and maximising opportunities to conduct business in the Republic of Korea.

Response: Noted

Austrade will prioritise promoting the benefits and opportunities for Australian companies flowing from the Korea-Australia Free Trade Agreement.

Austrade Korea will also continue implementing a number of targeted initiatives to help Australian exporters take advantage of commercial opportunities, in collaboration with other Australian, State and Territory Government agencies, and relevant business councils and industry associations.

Austrade's team of 17 staff in Korea deliver trade and investment opportunities to Australian businesses, produce quality English language data, insights and analysis, maintain strong corporate networks, and assist with the identification of potential partners.

Sectors of focus and emerging opportunities include: premium food and beverage products; financial services; creative industries (such as visual and performing arts); cultural infrastructure (including sporting facilities and opportunities around the 2018 Winter Olympics and other upcoming major sports events in Korea); professional services (e.g. legal services); international education (at the school, university and vocational levels), digital content, and biotech, health and aged care. Austrade will also continue to support established Australian export sectors in Korea, particularly food, beverages, agribusiness and energy (including clean energy).

The Department of Industry and Science administered the Enterprise Connect Program which worked to build the capability and competitiveness of Australia's SME cohort, supporting them to better capitalise on potential export opportunities in Asia afforded through relevant trade agreements. Enterprise Connect worked closely with Austrade to ensure SMEs could access services, such as the Tailored Advisory Service, that assisted in the development of international business opportunities. The Program closed at the end of 2014.

Enterprise Connect was replaced with the Entrepreneurs' Infrastructure Programme as the Australian Government's flagship initiative for business competitiveness and productivity at the firm level. It forms part of the new industry policy outlined in the Industry Innovation and Competitiveness Agenda. With a national network of more than 100 experienced private sector advisers, the Programme offers support to businesses for business management, research collaboration and accelerating commercialisation. The primary focus is on providing access to the best advice and networks to solve their problems rather than focusing on financial assistance.

Austrade awarded a Business Engagement Plan grant to the Australian Chamber of Commerce in Korea (AustCham) in June 2013. AustCham plans to strengthen Australian small and medium business connections with government and industry in Korea via an internship program.

In October 2014, the Department of Foreign Affairs and Trade and the Republic of Korea's Ministry of Strategy and Finance held the inaugural Services Sector Promotion Forum (SSPF) in Seoul. The SSPF is a high-level business-led bilateral dialogue that enables sectoral peak-bodies - initially in the legal, financial and creative services (smart cities and audio-visual) - to

discuss challenges and opportunities offered under KAFTA. Over 40 top representatives from the Australian and Republic of Korea services sectors attended the inaugural meeting. This was arranged in conjunction with the Federation of Korean Industries, the Australia-Korea Business Council, AustCham in the ROK and a number of senior Australian business representatives from major Australian industry groups and firms. The Australian Securities and Investments Commission also participated and provided a regulatory focus. At the closing session, business participants reported that the SSPF was a valuable initiative and should be undertaken again in future years.

Recommendation 8

*The Committee recommends that the Australian Government prioritise implementation of the recommendations of the Joint Standing Committee on Foreign Affairs, Defence and Trade report *Australia's Overseas Representation: Punching below our weight?**

Response: Noted

The Government has responded to the JSCFADT report *Australia's Overseas Representation: Punching below our weight?* The Government's response can be viewed at <https://www.dfat.gov.au/publications/JSCFADT-government-response-20130530.html>

