
The Parliament of the Commonwealth of Australia

Australia's trade and investment relationships with countries of the Middle East

Joint Standing Committee on Foreign Affairs, Defence and Trade
Inquiry of the Trade Sub-Committee

May 2016
Canberra

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ISBN 978-1-74366-495-7 (Printed version)

ISBN 978-1-74366-494-0 (HTML version)

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Foreword

Over the past decade Australia's trade and investment relations have grown with many of the 18 countries that make up the Middle East and North Africa region.

From Morocco to Iran, the region is one of extraordinary contrasts and differing cultures. Despite several of the countries being beset by security issues, there still remains powerhouse economies such as Saudi Arabia, the United Arab Emirates, Kuwait and Qatar, which are building new airports, hotels and metro stations, along with multi-million dollar sports stadiums, hospitals and railway networks across their countries.

Fortunately, Middle Eastern countries have also been seeking out Australian skills and expertise in architecture and construction, railways, green building design, education, health, hospitality and events management to help their ambitious plans to diversify and grow their economies.

Australian farmers and graziers have a long history of sending our agricultural produce such as wheat and sheep to the region, but in recent years the growth in flights between Australia and Dubai, Abu Dhabi and Doha, have opened the door to Australia now selling its freshest produce to the region.

With more than 150 flights per week between Australia and the Middle East, premium cargos of chilled lamb, seafood, cheeses, peaches, pears, and much more are filling these airliners' holds with the best Australia has to offer.

The Trade Sub-Committee welcomed the opportunity presented by this inquiry to explore these relationships. We examined Australia's current trade relationships with each country, identified opportunities to deepen and expand commercial links, and looked at any barriers and impediments to trade and investment that presently exist. During the course of the inquiry, a delegation of Committee members travelled to the United Arab Emirates, Saudi Arabia, Kuwait and Qatar. The delegation's observations are reflected in this report.

The Committee recommends the Australian Government prioritise the resumption of negotiations for a free trade agreement with the Gulf Cooperation Council,

representing Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, that stalled in 2009.

Should the impasse on resuming trade negotiations with the GCC continue, then the Committee urges the Australia Government to place a priority on pursuing a range of bilateral trade, services and investment agreements with individual Gulf nations such as the UAE, Saudi Arabia, Kuwait and Qatar.

The Committee heard a range of views on the impact of federal, state and territory governments, and business associations, promoting their own commercial interests in the Middle East, and whether this leads to confusion or trade mission fatigue among potential Middle Eastern clients. The Committee recommends that a joint government study be undertaken of Australia's trade promotion efforts with a view to coordinate a more coherent unified strategy.

Noting the value of services exports, particularly in education and tourism, the Committee established the need for the Department of Education and Training and also Tourism Australia to have their representatives in the region to build relationships and raise the profile of Australia as a desirable destination for Middle Eastern students and tourists. This would emulate the successful placement of a Department of Agriculture and Water Resources' counsellor in the United Arab Emirates, which the Committee also recommends be expanded.

We are optimistic that Australia can build on a strong reputation as a reliable exporter of clean, green food for the Middle East, and forge much closer trade and investment relationships with the region. These countries clearly want Australian skills and expertise to help diversify their economies beyond the oil and gas sector.

While Australian trade with Asia is strong, it would be prudent for Australia to diversify its trade into another fast-growing market such as the Middle East.

Finally I would like to thank the Department of Foreign Affairs and Trade's Middle East Branch, and especially the Australian ambassadors to the UAE, Saudi Arabia and Kuwait and their staff, and those from Austrade, for all their support of the Committee delegation's visit to the Middle East in December 2015.

The Hon Bruce Scott MP
Chair

Trade Sub-Committee

Membership of the Joint Standing Committee on Foreign Affairs, Defence and Trade

Chair The Hon Teresa Gambaro MP

Deputy Chair Mr Nick Champion MP

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	The Hon Michael Danby MP	Senator Sean Edwards (from 1 July 2014)
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The Hon Melissa Parke MP
(from 3 September 2014 to 10 February 2015 and
from 24 June 2015)

Senator Linda Reynolds CSC
(from 1 July 2014)

Mr Keith Pitt MP
(from 19 October 2015 to 2 March 2016)

Senator the Hon Lisa Singh

The Hon Tanya Plibersek MP
(until 24 June 2015)

Senator the Hon Ursula Stephens
(until 30 June 2014)

Mrs Jane Prentice MP
(from 22 September 2014 to 2 March 2016)

Senator Peter Whish-Wilson

Mr Don Randall MP
(until 21 July 2015)

Senator Nick Xenophon

Mr Wyatt Roy MP
(until 21 September 2015)

The Hon Philip Ruddock MP

The Hon Bruce Scott MP

Mr Luke Simpkins MP
(until 22 September 2014)

The Hon Dr Sharman Stone MP

Ms Maria Vamvakinou MP

Mr Nickolas Varvaris MP
(from 19 October 2015)

Mr Matt Williams MP
(from 2 March 2016)



Membership of the Trade Sub-Committee

Chair	The Hon Bruce Scott MP	
Deputy Chair	Ms Maria Vamvakinou MP	
Members	The Hon Bob Baldwin MP (from 19 October 2015)	Senator Sean Edwards (from 1 July 2014)
	Mr Nick Champion MP (ex officio)	Senator David Fawcett
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	Mr Craig Kelly MP	
	The Hon Melissa Parke MP (from 3 September 2014 to 10 February 2015)	
	Mr Keith Pitt MP (from 19 October 2015 to 2 March 2016)	

The Hon Tanya Plibersek MP
(until 24 June 2015)

Mr Wyatt Roy MP (until 21 September 2015)

The Hon Dr Sharman Stone MP

Mr Nickolas Varvaris MP
(from 19 October 2015)

Committee Secretariat

Secretary Mr Jerome Brown

Inquiry Secretary Mr Andrew Dawson

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Terms of reference

The Joint Standing Committee on Foreign Affairs, Defence and Trade shall inquire into and report on Australia's trade and investment relationships with countries of the Middle East, having particular reference to:

- the nature of Australia's existing trade and investment relationships with countries of the region;
- emerging and possible future trends in these relationships;
- barriers and impediments to trade and investment with Middle Eastern countries for Australian businesses, including examination of supply chain costs;
- opportunities for deepening existing commercial and cultural links, and developing new ones, with the countries of the Middle East; and
- the role of government, including DFAT and Austrade, in identifying new opportunities and assisting Australian companies to access existing and potential opportunities in the Middle East.



List of abbreviations

AACCI	Australia Arab Chamber of Commerce and Industry
ABS	Australian Bureau of Statistics
AFGC	Australian Food and Grocery Council
ADIA	Abu Dhabi Investment Authority
AMIC	Australian Meat Industry Council
ANU	Australian National University
ANZ	Australia and New Zealand Bank Group Ltd
ATC	Australian Turntable Company
Austrade	Australian Trade Commission
CAIS	The Centre for Arab & Islamic Studies (ANU)
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFAT	Department of Foreign Affairs and Trade
ECA	Export credit agency
EFIC	Export Finance and Insurance Corporation
EMDG	Export Market Development Grants
ESCAS	Exporter Supply Chain Assurance System
EU	European Union
EXIM	Export-Import Bank of the United States
FTA	Free Trade Agreement

FIFA	Federation Internationale de Football Association
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GHD	Gutteridge Haskins & Davey
GSO	Gulf Standards Organisation
HA	Hassad Australia
HFC	Hassad Food Company
HACCP	Hazard Analysis and Critical Control Points
IF	Islamic finance
IMF	International Monetary Fund
INSEAD	European Institute for Business Administration
IVO	Iranian Veterinary Officer
KASP	King Abdullah Scholarship Program
KHDA	Knowledge and Human Development Authority
LEP	Livestock Export Program
LPG	Liquefied Petroleum Gas
MENA	Middle East and North Africa
MLA	Meat and Livestock Australia
MOU	Memorandum of Understanding
MRC	Maranoa Regional Council
NT	Northern Territory
NSW	New South Wales
OIE	World Organisation for Animal Health
OPEC	Organisation of Petroleum Exporting Countries
OTCs	Off-terminal clearances
SA	South Australia
SME	Small and medium-sized enterprises

SMEC	Snowy Mountain Engineering Corporation
SPS	Sanitary and Phytosanitary measures
SoE	Statement of Expectations
SunRice	Ricegrowers' Limited
TAFE	Technical and Further Education
TEU	Twenty-foot equivalent unit
TBT	Technical barriers to trade
TEQSA	Tertiary Education Quality and Standards Agency
TTF	Tourism & Transport Forum
UAE	United Arab Emirates
UHT	Ultra-High-Temperature
UK	United Kingdom
US	United States
UN	United Nations
UOW	University of Wollongong
UOWD	University of Wollongong in Dubai
UTS	University of Technology Sydney
VET	Vocational Education and Training
VGBO	Victorian Government Business Offices
WA	Western Australia
WTO	World Trade Organization

List of recommendations

4 Barriers and impediments to trade and investment relations with the Middle East

Recommendation 1

The Committee recommends the Department of Agriculture and Water Resources improve national coordination and oversight of halal certification to assist exporters find the most suitable provider of certification services, and also provide online access to the halal requirements in different Middle Eastern countries.

Recommendation 2

The Committee recommends the Department of Immigration and Border Protection:

- benchmark its processes for the granting of international student visas with competitor countries;
- consider measures to simplify its international student visa process for applicants from Middle Eastern countries who present a low immigration risk; and
- undertake a review of the simplified student visa framework reforms one year after its commencement to determine their efficacy.

5 Live animal exports to the Middle East

Recommendation 3

The Committee recommends that the Australian Government explore with the Government of Saudi Arabia whether the appointment of an independent auditor to monitor implementation of the Exporter Supply Chain Assurance System would meet Saudi Arabia's sovereignty concerns.

6 Role of government in assisting Australian exporters

Recommendation 4

The Committee recommends that the Australian Government prioritise resumption of negotiations and conclusion of a comprehensive free trade agreement with the Gulf Cooperation Council.

Recommendation 5

The Committee recommends that, in the event the Gulf Cooperation Council (GCC) does not wish to resume negotiations on a free trade agreement by 2017, the Australian Government pursue bilateral trade, services and investment agreements with individual GCC member nations, and give priority to negotiating agreements with the UAE, Saudi Arabia, Kuwait and Qatar.

Recommendation 6

The Committee recommends that the Australian Government propose the formation of a Joint Economic Committee with the UAE as a forum for:

- bilateral discussions on trade and economic issues;
- negotiations on a services and investment agreement; and
- developing a memorandum of understanding on innovation in sectors prioritised by the Joint Economic Committee.

Recommendation 7

The Committee recommends that the Australian Government investigate the potential benefits of negotiating double taxation agreements with Gulf Cooperation Council member countries. The Committee further recommends that priority be given to reaching taxation agreements with the UAE, Saudi Arabia, Kuwait and Qatar.

Recommendation 8

The Committee recommends that the Australian Government pursue bilateral trade agreements with other Middle Eastern nations outside of the Gulf Cooperation Council, with priority given to Iran, Egypt, Morocco, Jordan and Israel.

Recommendation 9

The Committee recommends that the Department of Foreign Affairs and Trade increase Australia's diplomatic representation in North Africa by opening a new post in Morocco that also covers Algeria and Tunisia, and opening Austrade offices in Egypt and Morocco.

Recommendation 10

The Committee recommends that Austrade:

- seek to recruit staff with business experience;
- enhance the business acumen of its advisers by ensuring that staff training includes regular, on-the-ground engagement with small to medium-sized exporters, and exposure to their issues and perspectives; and
- review the purpose and impact of charging a cost recovery fee per hour for its services to Australia's small and medium-sized enterprises when they seek advice on exporting, and examine whether doubling the initial two hours of free consultation would encourage more exporters to take Austrade's advice and thereby improve their export strategies and decision making.

Recommendation 11

The Committee recommends that the Australian Government continue Middle East-specific commercial promotion to showcase Australia's capabilities to supply high quality goods and services, such as food, education and tourism.

Recommendation 12

The Committee recommends that the Australian Government encourage Middle East sovereign wealth funds to invest in Australia through a nationally coordinated marketing of Australia by federal, state and territory governments, including high-level visits to and from the Middle East to promote opportunities, and explain Australia's investment and taxation requirements.

Recommendation 13

The Committee recommends that the Department of Agriculture and Water Resources expand its counsellor network in the Middle East by posting an agricultural consul in Iran to assist food exporters gain greater access into this market.

Recommendation 14

The Committee recommends that the Department of Education and Training expand its overseas counsellor network into the Middle East by posting an education consul in Saudi Arabia.

Recommendation 15

The Committee recommends Tourism Australia reverse removal of the \$250,000 Middle East marketing campaign allocation to better promote

Australia as a family-friendly tourism destination for tourists from the Gulf states.

Recommendation 16

The Committee recommends that Tourism Australia open a representative office in the Gulf states to better coordinate tourism marketing campaigns for Australia with airlines based in the UAE and Qatar, and Australian carriers.

Recommendation 17

The Committee recommends that the Australian Government undertake a joint study with state and territory governments of Australia's trade promotion efforts in the Middle East, with a view to making reforms that will ensure a better coordinated, unified and coherent approach to promoting Australia's commercial interests in the Middle East region.

Recommendation 18

The Committee recommends that the Australian Government, in collaboration with state governments, review the adequacy of rail sidings, grain loading facilities and railway track conditions on strategic freight train routes, with a view to making a joint submission to Infrastructure Australia for funding improvements to raise the productivity of grain exporters.

