

**COMMUNIQUE OF THE
MINISTERIAL COUNCIL ON INTERNATIONAL TRADE
5 August 2008**

The new Council of Australian Governments (COAG) Ministerial Council for International Trade held its inaugural meeting today in Melbourne, kindly hosted by the Victorian Government.

Minister for Trade, the Hon Simon Crean MP, Chair of the Council, was joined by Federal Parliamentary Secretary for Trade, the Hon John Murphy MP; NSW Minister for Small Business, Regulatory Reform, Ports and Waterways, the Hon Joe Tripodi MP; QLD Parliamentary Secretary to the Minister for Transport, Trade, Employment and Industrial Relations, Mr Gary Fenlon MP; SA Minister for Mineral Resources Development, the Hon Paul Holloway MLC; VIC Minister for Industry and Trade, the Hon Theo Theophanous MP; and WA Minister for Agriculture and Food, the Hon Kim Chance MLC. The Australian Capital Territory, the Northern Territory and Tasmania were represented by observers.

Reflecting the importance of ensuring that the economy remains on a sustainable long-term footing, Ministers welcomed the establishment of the Council, agreeing federal, state and territory governments need to work together to develop cooperative national approaches to enhance the nation's trade performance:

- They agreed the new Council will provide the opportunity for closer dialogue and more systematic cooperation to facilitate information flows and policy cooperation on issues subject to international trade negotiations to ensure an effective and coherent Australian negotiating position at the multilateral, regional and bilateral levels.
- Ministers commented on the importance of addressing Australia's international competitiveness through extensive consultation between the federal, state and territory governments and agreed the new Council and, intersessionally, the Council's Standing Committee of Officials was an important mechanism for looking at policy development through the prism of improving our international competitiveness.

Ministers noted that over the past 50 years international trade has grown at three times the rate of growth in international output. Australia's relative trade performance has, however, been poor. Despite the longest resource boom we have ever enjoyed, Australia is still failing to capitalise on global trade opportunities. Ministers agreed that if Australia is to secure its economic future it must pursue more vigorously the opportunities arising through international trade.

A stronger trade performance will generate significant dividends for our community. Research shows that export-focussed industries create higher paying and higher skilled jobs with better working conditions. It is therefore in Australia's interests to encourage and assist improved export performance in all three sectors of the economy: services, manufacturing and agriculture.

Ministers also noted the changing nature of trade and investment. It is no longer just about shipping products to overseas markets. Rather, investment flows and global

supply chains are increasingly determining the direction of international trade flows and Australia's policy framework must therefore reflect these developments.

Ministers welcomed progress in efforts to negotiate better access to overseas markets for Australian exporters and investors through the Doha Round of WTO trade negotiations, the recently signed Australia-Chile Free Trade Agreement and other free trade agreements under negotiation or study, as well as initiatives under the banner of the Asia-Pacific Economic Cooperation (APEC) forum. Ministers noted the significant progress that was made during the recent WTO ministerial meetings and expressed hope that this could be built upon to secure a positive outcome to the WTO Doha Round, to the benefit of the Australian economy.

Ministers noted the whole-of-government efforts within each Australian jurisdiction to increase productivity and competitiveness. Ministers agreed on the need for this to be supported by a concerted '*whole-of-governments*' effort to increase the competitiveness of Australian exporters so they can take advantage of increased market access. Key to this is ensuring appropriate domestic policy settings.

Ministers noted that trade policy has to encompass more than international trade negotiations, designed to reduce barriers at the border. Trade policy also has to target barriers behind the borders of trading partner countries and *within* our own: this ambition should include promoting productivity; facilitating the flow of goods and services to international markets, including through infrastructure development; and streamlining regulations, rules and administrative procedures. To that end:

- . Ministers agreed jurisdictions should emphasise the value of infrastructure reform to increasing Australia's trade competitiveness as part of their contribution to the audit to be conducted by Infrastructure Australia.
- . Ministers noted skills shortages currently being experienced by most industries across Australia pose challenges, particularly for sectors such as manufacturing and resources, as well as regional exporters. Council noted Commonwealth initiatives targeting increased participation, labour supply and increasing the productivity of the workforce.

Ministers acknowledged the benefits of a cooperative approach in trade development and inwards investment attraction activities between the commonwealth, states and territories. They agreed that consistent promotion of national capability could provide Australia with a strong, coordinated effort in overseas markets. They agreed to:

- . identify and determine a set of national priorities to ensure direct connectivity between inwards investment attraction activities;
- . boost information sharing on investment projects
- . achieve a stronger impact for our export marketing dollar through coordination, not just between Austrade and the states and territories, but also between the States and Territories themselves.

Ministers looked forward to the report of the Review of Export Policies and Programs (the Mortimer Review, due to report 31 August 2008), the outcomes of which are expected to add impetus to the Council's efforts to promote exports and investment flows, develop export capacity and enhance competitiveness. Ministers also expressed keen interest in examination of the Export Market Development Grants Scheme, and

research on free trade agreements, being undertaken as part of the Review. Ministers welcomed the opportunity to be involved in the development of responses to the Review.

Ministers agreed during the meeting on a forward work program for the Council, encompassing:

- Austrade working cooperatively and productively with Tourism Australia and state and territory governments to develop options to adapt *Brand Australia* to better project Australia as a trade and investment destination, including regional Australia;
- identifying behind the border issues faced by states and territories to be pursued by the Commonwealth in international negotiations;
- working cooperatively and productively to strengthen Australia's trade performance in key export markets and sectors, including services;
- working collaboratively to deliver trade and investment benefits from Australia's participation in the Shanghai World Expo in 2010;
- federal, state and territory inwards investment activity to be coordinated through the National Investment Advisory Board (NIAB) with NIAB outcomes to be communicated annually to Council;
- the Standing Committee of Officials to implement a planning mechanism to facilitate development of an annual schedule of Federal, State and Territory visits, events and major promotional activities;
- working cooperatively to develop an assessment of infrastructure needs to improve Australia's trade performance and submit this assessment to Infrastructure Australia for its infrastructure audit;
- identify specific areas of skills shortages including trade skills impacting on Australia's trading performance and convey this assessment to the Commonwealth Government as it continues to address this issue;
- the importance of ensuring access to world's best open access broadband communications and convey this necessity to the COAG Online and Communications Council;
- better coordination of inward/outward investment promotion across all levels of government in Australia via the National Investment Advisory Board;
- an awareness of the challenges and opportunities arising from the response to climate change including the impact of the Carbon Pollution Reduction Scheme on trade exposed industries;
- a report from Austrade canvassing opportunities for Austrade and state/territory overseas representation to work more closely together in trade and investment promotion activities including trade promotion missions;
- a submission from New South Wales on the impact of the withholding tax on the financial services industry to be considered by the Council; and
- further cooperation in light of recommendations arising from the Review of Export Policies and Programs.

Ministers agreed to schedule the next MCIT meeting before March 2009.