

New Abbott Government Hits the Ground Running on Trade

With Australia's new government just a few weeks old, they have already signalled an intention to engage with the international community and in particular with their close neighbours in Asia.

Trade is vital to the success of the new government's agenda. Without co-operation from regional governments and from business, ambitious economic targets will not be met. This signals a willingness to work with business and government where there is mutual benefit.

Already, new Prime Minister Tony Abbott has visited his counterpart in Indonesia, President Yudhoyono, ostensibly to talk about the issue of asylum seekers (Mr. Abbott was accompanied by Immigration Minister Scott Morrison), but the talks also had a broader focus on trade and investment. Prime Minister Abbott also attended the most recent Asia Pacific Economic Cooperation (APEC) summit in Bali, Indonesia.

Foreign Minister Julie Bishop spent her early days in office at the United Nations General Assembly in New York, where she had a demanding schedule of bilateral meetings with other foreign ministers. Her agenda had a distinctly Asian focus. She then accompanied the Prime Minister to Indonesia, and visited New Zealand and Singapore as well as attended the APEC event in Bali.

New Trade Minister Andrew Robb, specifically tasked by the Prime Minister to encourage foreign investment, has similarly hit the ground running visiting Indonesia with a high-level business delegation and attending a beef and cattle industry roundtable. He too attended his first APEC meeting in Bali this October.

Early Indonesia Focus Will Shift

The apparent early focus on Indonesia is unsurprising. Mr. Abbott said in his first press conference as Prime Minister that he regarded Indonesia as Australia's "most important single relationship" highlighting its "size, proximity and potential." But it is not the only game in town. Eight of Australia's top ten export destinations, and six of the top ten importing countries, are in Asia.

On election night, Mr. Abbott said Australia was "open for business," a phrase used again and again by his new ministers. This early activity by the Prime Minister and his Ministers is designed to show that his message was not empty rhetoric, but rather a sign that the new Abbott government is keen to be working with business.

The slowdown in China, a fall in commodity prices and a stubbornly high Australian dollar have taken their toll on the broader Australian economy. While it remains the envy of many of its Organisation for Economic Cooperation and Development

(OECD) counterparts, growth has moderated. Mr. Abbott has been clear that he expects broader trade and investment to help pick up the slack.

Mr. Abbott called for "momentum towards the conclusion of advantageous trade agreements," the largest of which are in Asia, with China and South Korea well advanced, and the long running negotiations with Japan continuing. In Bali, at his first meeting with Chinese President Xi Jinping, the Prime Minister said he wants to conclude the China-Australia Free Trade Agreement (FTA) within a year. This is by any measure an ambitious timetable but one which signals Mr. Abbott's intention to progress quickly on a deal.

The broader Trans Pacific Partnership, also the subject of current negotiations, has the potential to include Singapore, Japan, Malaysia, and Vietnam, along with countries in the eastern Pacific region and, most importantly, the U.S. and Canada.

Key Market Sectors

The Australian economy has long been commodity based. From *riding on the sheep's back* in the 1950s to being *Asia's quarry* in the 21st century, Australian companies have sought markets for raw goods. In recent years the focus has been on the growth markets of Asia, particularly China. Most of Australia's significant exports remain commodity based. Of those items not grown or mined, only education (fourth largest) and tourism (sixth largest) make it into the top 10.

But while agriculture and mining remain the big ticket items and the focus of much of government, media and business attention, the growth in other sectors means they merit a closer look.

Business travel, civil engineering and professional services to name but three, all experienced double-digit growth in the past 12 months, while niche areas like specialised machinery, medicines and instrumentation performed similarly well. The Australia economy is diverse and its diversity is growing, providing opportunity for business.

Business Can Take Advantage

A new government with a focus on trade and on Asia, and an incentive to get things moving, is a bonus for business in the region. New ministers and senior government officials will have carefully noted the Prime Minister's public declaration of intent and will be keen to impress. They will certainly want to continue the early momentum.

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New Ministers and their staff will inevitably be finding their feet in the opening days of the government. This presents a prime opportunity to engage and ensure that the new administration has a full understanding of the issues important to business.

Business should, as always, use all the tools at their disposal to gain a competitive advantage. Those seeking exposure to the Australian market or bringing Australian goods or services to the region could do worse than engaging with the Australian government through its trade and investment arm, Austrade.

But nothing beats boots on the ground with local knowledge and insight. Engaging well connected, willing, local partners remains the best way to ensure success when pursuing new opportunities in unfamiliar markets.



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