



Doing Business in Australia: 2011 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Australia

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Market Overview

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Note: As of December 2010 **A\$1.00 = US\$1.00**

- Total U.S.-Australia bilateral trade in 2010: US\$48.92 billion
- U.S. merchandise exports to Australia: US\$24.05 billion
- U.S. services exports to Australia: US\$10.05 billion
- Australia's rank as a U.S. export market in 2010: 14th largest
- Principal U.S. exports to Australia in 2010: see Chapter 4
- Australia-U.S. Free Trade Agreement (AUSFTA) elimination of tariffs provided new market opportunities for U.S. companies.

Australia is the world's 13th largest economy, with a GDP of US\$1.3 trillion. GDP grew 0.7 percent in the quarter ending December 2010 and by 2.7 percent over 2010. It is forecast to grow more than 4 percent in 2011. Australia's per-capita GDP of US\$60000 is among the highest in the world.

The Australian economy grew for 17 consecutive years before the Global Financial Crisis (GFC). Tight credit processes stemming from the GFC, however, continue to restrict business expansion in some sectors such as franchising, where local franchise candidates are subject to strict lending practices from banks.

The Australian financial system remained resilient throughout the GFC. Australia was one of the first advanced economies to raise interest rates (7 times ranging from 3.25% to 4.5% from October 2009 to May 2010) and the government removed the US\$180.7 billion funding guarantee for financial institutions on March 31, 2010. Both these factors indicate a gradual recovery in the banking sector. Credit, however, remains expensive and subject to tighter restrictions.

In December 2010 and January 2011, the state of Queensland was hit by catastrophic flooding and then a Category 5 cyclone. Flooding also affected the downstream states of New South Wales and Victoria. Economists are forecasting the cost of the clean-up to be A\$5.6 billion.

Australia has a large services sector (80 percent of GDP), but is also a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron ore, copper, gold, natural gas, uranium, and renewable energy resources. A

series of major investments, such as the US\$25 billion Wheatstone project and the US\$43 billion Gorgon project, both led by Chevron, will significantly expand the resources sector.

Overall, the United States is Australia's third-largest trading partner as well as its largest source of foreign investment and the primary destination for Australian investment.

- Australia is a sophisticated and modern economy that is a major exporter of primary resources (such as mineral and agricultural commodities) and an importer of high-end technology. Asian demand for minerals, metals, and energy resources has been an engine for growth nationally and in specific regions of the country. With many mining sites in the state of Queensland (the country's largest coal exporting state) suffering temporary production delays due to the recent floods, liquefied natural gas (LNG) projects are moving forward, such as the contract signed between Australia and China to supply China with LNG for the next 20 years.
- Although the economic crisis caused the Australian economy to contract slightly (for one quarter), the economy is strong, with massive levels of investment pouring into the resources sector and low unemployment (5%). However, there are some areas of concern. Retail sales remain sluggish. The Australian banking sector, which is highly dependent on offshore markets for funds, remains vulnerable to potential future turmoil in global financial markets. And the strong terms of trade resulting from soaring world prices for Australia's major export items have contributed to a historically high Australian dollar, which in turn has negatively affected sectors such as tourism, international education, and manufacturing. Australia's terms of trade have risen sharply, to be about 65 per cent above the 20th century average level due to rising world demand for commodities such as iron ore and coal.
- We advise American firms examining the Australian market to pay attention to macro measures of opportunity, which give it more purchasing power relative to that in less-developed economies. Along with the Free Trade Agreement, the case for entering or expanding in the Australian market is stronger than the population of 22.6 million might suggest, particularly with the strong Australian dollar stimulating greater demand for U.S. products and services. Australia's relative market appeal remains convincing, with few barriers to entry, a familiar legal and corporate framework, sophisticated consumer and industrial sectors, and a straightforward, English-speaking business culture. The Australia-U.S. Free Trade Agreement enhanced the long and successful trading relationship by eliminating tariffs on almost all U.S. manufactured and agricultural goods.
- We believe 2011 will continue to show demand for American companies with innovative products and technologies in the Australian market. We invite you to contact us to help you analyze and execute your objectives for the Australian market.

Market Challenges

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- **Competitive Market:** Australia's distance from the rest of the world, large land area, and relatively small population led to market dominance by a few large firms in certain sectors.

- Australia is integrated into the world economy and remains a commercial and financial center for the region. American companies will find that Australian and third-country competitors in Australia have some long-established brands with strong reputations and existing supplier relationships.
- Australia has ready access to Asian and other, low-cost producers. American firms must therefore demonstrate sufficient added value to overcome the costs of getting the product to market, and to compete.

Market Opportunities

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The top performing export sectors from the US to Australia during 2010 were:

Machinery, Vehicles, Optical and Medical Instruments, Electrical Machinery, Pharmaceutical Products, Precious Stones, Plastics, and Chemical Products.

Market Entry Strategy

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- Successful market entry strategies for Australia have three common elements: understanding the market, selecting the optimal partner, and providing ongoing support to that partner in the market.
- A common language and familiar business framework may lead Americans to overlook Australia's cultural and market differences. It is vital to first gain an understanding of the Australian context for a product or service, its competitors, standards, regulations, sales channels, and applications.
- Success in the Australian market often requires establishing a local sales presence. For many American exporters this means appointing an agent or distributor. The bounds of that appointment are negotiated, and may include only certain states of Australia, the entire country, or New Zealand as well. An increasing number of businesses and investors see Australia as a secure platform from which to serve third markets in Asia.
- The distance from many of their trading partners and the sheer size of the Australian continent - comparable to the continental U.S. - causes Australian firms to stress the importance of local support and service. American companies should visit Australia both to meet prospective partners and demonstrate ongoing support, as this is the common practice of their competitors.
- Most of the criteria American firms use to select agents or distributors are applicable to Australia, with expectations adjusted to the scale of the market given the population of 22 million. Performing due diligence is just as important as in the United States, and we offer numerous resources to assist in that work.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2698.htm>

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Using an Agent or Distributor

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The following describes the distinctions between a sales agent or representative and distributor as understood in the Australian context. While this report is produced for the benefit of U.S. companies, we use the term 'foreign company' because it applies to third country companies as well.

Sales Agents

Sales agents or representatives solicit business for a foreign company and serve as a conduit for purchase agreements. In most cases, a sales agent does not have the power to negotiate terms, or to finalize the sales contract. Instead, the sales representative forwards the contract to the foreign company that either accepts, rejects, or proposes modifications. The sales representative, nonetheless, is considered to be an agent of the foreign corporation, and under the general laws of agency, the foreign corporation may be liable for the actions of its agent.

Agents assume a number of duties and obligations once a representation contract with a foreign company is finalized, including adherence to the principal's instructions, good faith in the interests of the principal, and maintenance of proper accounts. The agent retains the right to remuneration and the right to an indemnity for liabilities or losses incurred due to improper termination. Australian law, however, has not required indemnity payments.

Parties may stipulate specific causes for termination in the agreement. Either party may terminate the agreement upon receipt of reasonable notice of termination. Although no

specific time period exists which defines a reasonable notice period, courts may take into consideration the nature and length of the contract when determining whether reasonable notice was given.

Distributors

A distributor acts as an independent contractor, purchasing products from the foreign corporation and distributing them to wholesale buyers or sometimes to retailers. Generally, a foreign corporation cannot restrain a distributor from selling competitors' products. Because distributors are not considered to be an agent of a foreign corporation, however, a foreign company is not bound by the acts of a distributor. Australian distributors often ask for exclusive geographic rights to market a foreign corporation's products. Because of the size of the market, these rights often cover several states or are nationwide.

American companies can choose to have Australian or U.S. law govern their contracts when drafting an agreement. The choice of jurisdiction does not, however, preclude the application of mandatory provisions in Australian law. Without a stipulation of law, Australian courts will apply the law of the jurisdiction where the agent or distributor works, that is, Australian federal law and appropriate state and local law. Notification of agent/distributor appointments should be submitted in writing to satisfy various state jurisdictional laws, especially when they last for more than one year or include terms for commissioning the agent. Either fixed or indefinite-term contracts may be employed. Repeated renewal of fixed-term contracts will not cause the contract to achieve indefinite-term status.

Foreign companies providing consulting and other services in Australia may be required to register for an Australian Business Number (ABN). Registration will depend on the value of the consulting service and whether that service is provided in Australia. U.S. firms can register online at: https://abr.gov.au/ABR_BC/. Foreign companies exporting products (as opposed to providing services in the market) do not require an ABN number.

By registering for an ABN, the Australian Tax Office is able to ensure that the Australian customer will pay GST on the services it receives. The invoice issued to the Australian customer should include a GST component. In fact, the customer pays the GST that the vendor in turn, pays the Australian Tax Office.

The U.S. Commercial Service in Australia provides a range of services to help American companies identify, qualify, meet and select potential agents or distributors. American companies can arrange these services directly or through their local U.S. Department of Commerce Export Assistance Center (EAC) in the United States. More information can be found later in this report.

Establishing an Office

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The Australian Securities and Investments Commission (ASIC) is the national authority responsible for the administration of companies and securities law throughout Australia. ASIC provides a nationwide system for the registration and regulation of companies, securities, and futures markets. The requirements for starting a business are uniform in

each state, and the same rules apply for local and overseas companies. While companies are registered with ASIC, each state registers individuals doing business under business names.

Australian business practices are similar to those in the United States. Establishing a business in Australia, either singly or in partnership with a local company, is relatively straightforward, and a foreign company can choose from a range of business structures. The most common forms of business organizations are representative offices, branches of parent companies, subsidiaries, sole traders, partnerships, trusts, companies, and joint ventures. Overseas investors may set up an operation using any of these forms, irrespective of the business structure they have elsewhere.

Most significant businesses operating in Australia are incorporated as either private or public companies. Under the Corporations Law, the entity is registered automatically as an Australian company, upon its registration with ASIC, enabling it to conduct business throughout Australia without further registration in individual states or territories. Local companies may be fully controlled by foreign owners. All registered companies must conform to Australian company law administered by ASIC, covering accounting, financial statements, annual returns, auditing, general meeting requirements, and the necessity to maintain a registered office open to the public.

A private company is the most typical structure for an overseas investor if it is to be a wholly-owned subsidiary of a foreign company and if public offering of shares is not intended. The regulations that apply to a private company are simpler and less costly than those applicable to a publicly-traded company. A private company may be converted into a publicly-traded company at any time.

Branch offices of overseas companies are established in Australia by registering the overseas corporation as a foreign company under Australia's Corporation Law. A branch office does not require directors to be Australian residents but must have a registered office address and a statutory agent responsible to fulfill the requirements of the Corporations Law. The branch will be assigned an Australian Registered Body Number (ARBN), which must be shown with the corporation's name on public documents. In addition, if a business in the U.S. has an office in Australia, that office will be required to register for an Australian Business Number (ABN) under the Goods and Services Tax (GST) introduced on July 1, 2000.

Information on the GST and its impact on foreign companies with or without operations in Australia, and the ABN application process can be found on the websites of the Australian Taxation Office (<http://www.ato.gov.au/businesses/>) and the Australian Government's Business Entry Point (<http://www.business.gov.au/Pages/default.aspx>).

While establishing an office is fairly straightforward, we encourage U.S. companies to obtain expert legal and financial advice, readily available from Australian and multinational providers. Nominal costs for company incorporation include: filing fees payable to ASIC, legal costs for preparing the charter and bylaws, and registration. Application forms are available from ASIC Business Centers in any Australian state (<http://www.asic.gov.au>) and can be filed in any city.

Franchising is well established in Australia with more franchising outlets per capita than most countries, and three times more per capita than in the U.S. Over the last 12 months, the franchising sector grew by more than eight percent and generated a minimum of 15 per cent profit. The sector is considered both a large and mature sector contributing 14 percent of Australia's GDP or A\$127 billion, approximately US\$127 billion dollars. There are approximately 1,025 business format franchise systems currently operating in Australia. In addition, there are approximately 6,500 fuel retail outlets and 2,130 motor vehicle retail outlets.

The effect of the economic downturn on franchising is slight. The sector has equalized whereby successful units continue to flourish. As a result, the number of franchisees in Australia adjusted to 69,900 units.

The best opportunities for franchising in Australia are within the retail non-food industry, which accounts for 26 percent of franchisors (24 percent of franchise units involved in retailing).

There is potential within the accommodation and food services (including food retail, fast food and coffee shops) which equates to 16 per cent of franchisors. Opportunities exist within food retail where the overall concept is to promote health and well-being along with a variety of niche food service options. Food niches include regional food concepts such as Tex-Mex and southern cooking.

The administration and support services category follows next, and includes travel agencies, domestic and industrial cleaning, and garden services. This sector accounts for 15 percent of franchising activity and represents five per cent of franchise units.

A recent survey undertaken by Griffith University suggests that Western Australia (WA) and Queensland (QLD) are leaders as the most profitable states for franchising. Many of the largest and most successful chains in Australia today have American origins.

85 per cent of franchise systems are home grown. On average, Australian companies are in business for four years before franchising their business concept. To be successful, franchisors must be flexible to "Australianize" their systems in order to suit the local market.

Legal Requirements:

The Australian franchise industry has been heavily regulated by the Australian Competition and Consumer Commission since 1998 (<http://www.accc.gov.au>).

A cornerstone of the regulation is the Franchising Code of Conduct.

The mandatory 'Code' has been created to assist the ongoing relationship between the franchisee and franchisor.

Issues covered include:

- Disclosure of the pertinent information regarding the Franchisor,

- Conditions contained within the Franchise Agreement, and
- Complaint handling and dispute resolution procedures.

The Franchise Council of Australia (FCA), the peak body for the \$130 billion franchise sector in Australia, represents franchisees, franchisors and service providers to the sector, has analyzed these regulations and has provided a detailed analysis for consideration. Visit: <http://www.franchise.org.au>.

In July 2010, the Australian Federal Government enacted a number of amendments to the Franchise Code. These amendments to the Code include a disclosure document which must comply with the amended code. As a result of the amendments, franchisors need to provide additional disclosure including: franchise failure; payments to third parties; significant capital expenditure; legal costs; notice of renewal and dispute resolution.

Further information can be obtained from the following documents from the FCA: Franchising Code of Conduct with amendments - as of July 2010 and the Franchising Code Changes: A Summary - by Stephen Giles, Chair FCA Legal Committee can be found at: <http://www.franchise.org.au/franchising-code-of-conduct.html>

Direct Marketing

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Advancements within the telecommunications industry and technological developments associated with database applications have resulted in significant growth in the direct marketing industry.

While the current global economic crisis dented consumer spending, recent decreases in the official interest rate (currently 3.75 percent) and a government financial household stimulus package lifted consumer confidence and minimized the effects of the economic crisis in 2009. The director of an online direct marketing company in Australia recently advised that marketing firms must be able to target advertising campaigns on a tighter group of prospects in order to overcome the difficult economic climate this year.

Estimated spending on direct marketing is US\$17 billion. As with most forms of advertising, direct marketing is becoming saturated in the marketplace and competition for the consumer's attention is increasing.

A wide range of communication facilities are used in this competitive industry. This includes telephones (telemarketing), mail (catalogs/direct mail), traditional broadcast and print media (direct response advertising via television, radio, newspapers, and magazines) and electronic media (the Internet). Telemarketing and mail are the two biggest sectors of the direct marketing industry. However, in August 2008 a poll carried out by the Direct Marketing Association illustrated that marketing via SMS could replace existing mail strategies. The results of the poll revealed that 24 percent of Australian consumers had responded to an advertisement text message.

In response to community concerns and complaints about unsolicited direct marketing calls to private telephones, the Australian government introduced the Do Not Call Register in May 2007 for those consumers who want to opt out of receiving calls from telemarketers. Organizations exempt from adhering to the Do Not Call Register

regulations include charities, government bodies, religious groups, educational institutions, and registered political parties. Business telephone and fax numbers at present cannot be listed on the Register. In August 2008, the Australian government called for submissions into an inquiry to extend the Register to include either all or only small business numbers. The Australian Direct Marketing Association has stated that attempts to expand the coverage of the Do Not Call Register to businesses will jeopardize employment in the call center industry, as well as impede normal business commerce. At the end of October 2008, 2.62 million private numbers were on the Register. This could benefit companies that conduct direct mail campaigns, because those firms do not have to abide by as many regulations as telemarketers.

Commercial electronic messaging (emails, SMS, MMS, or similar) is regulated in Australia under the Spam Act. Such messages must be sent with the recipient's consent and identify the person or organization that authorized sending the message. Commercial electronic messages must also contain a functional 'unsubscribe' facility to allow the recipient to opt-out from receiving messages from that source in the future.

Australian legislation banned the commercial sale of email addresses, and businesses have been forced to draw on their own resources to build email marketing databases. Internet marketers find these email marketing database systems to be an inexpensive and efficient way to reach customers. These new database systems have also leveled the playing field for small businesses that would like to inform customers about the company's new deals.

The Australian Direct Marketing Association (<http://www.adma.com.au>) is Australia's principal body for information-based marketing and represents more than 500 member organizations. ADMA works closely with government, consumer, and industry groups on the development of codes of practice for direct marketing.

Joint Ventures/Licensing

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Joint ventures (JV) are a common feature of Australia's commercial and legal environment. Broadly similar to U.S. practice, joint venture forms in Australia include:

Unincorporated Joint Ventures. The rights and obligations of these joint venture parties are set out extensively in the JV documents. An unincorporated JV is sometimes more suitable for a single project or business venture, for example, in sectors like the mining and oil and gas industries. The joint venture document is usually drafted in such a way as not to reflect a partnership for certain tax advantages and also to avoid the application of partnership laws in areas such as joint liability to the joint venture.

Incorporated Joint Ventures. This usually involves the joint venture parties' conducting their business through incorporation of a JV company or trust. The parties commonly set out their respective rights and obligations in a shareholder or unit holder's agreement to resolve any dispute not regulated by the Corporations Law or the constitution of the company or trust.

Unit Trusts are devices that enable the separation of legal and beneficial interests in assets and the income derived therein. In a joint venture situation, the participants wish to insure that their entitlements are fixed rather than discretionary. A unit trust is a legal

entity in which the entitlement of beneficiaries is expressed in units relative to the total number of fixed units.

Limited Partnerships are creations of statute. They remain partnerships of general law and, therefore, do not give rise to the existence of separate legal entities. A limited partnership structure requires at least one general partner to have unlimited liability and partners whose liability is limited to the extent of their investment in the partnership. Limited partnerships are rarely used in Australia.

Hybrid Forms comprise elements of each of the foregoing. They can also be created to suit the needs of the particular participants. For example, one participant in an unincorporated joint venture could be the trustee of a unit trust, while one shareholder in an incorporated joint venture could also be the trustee of a unit trust.

Licensing: Australian industry is known for its practical approach to problem solving. In this context, the role of licensing is of particular importance for Australian commerce and industry. The common language and cultural similarities make negotiation and understanding easier.

License agreements involving Australian companies should contain the usual terms one would find in a license in the United States, for example, type of license being granted (i.e., sole, exclusive or non-exclusive), territory covered, license fee or royalty, licensee's duties and obligations, period of grant and field use of the technology involved, maintenance of quality control, ownership rights in improvements and innovations made by licensee, warranties and indemnities, technical assistance and confidentiality, sub-licensing and assignments, and termination.

On the whole, there are few legal and administrative requirements governing the field of licensing in Australia. Exclusive licenses of patents, copyrights and other statutory rights require compliance with certain minor formalities. The Trademark Act of Australia provides for the registration of licensees (or 'users', as they are called in the legislation.)

Selling to the Government

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Australia is the only major industrialized country that is not a signatory to the multilateral WTO Agreement on Government Procurement (GPA). As a consequence, Australia is not bound by the GPA's rules on open and non-discriminatory policies in government procurement.

The Trade Agreement between the U.S. and Australia (AUSFTA) commits Australia to open its federal and state government procurement market to U.S. suppliers at all levels and eliminate discriminatory preferences for most domestic suppliers.

Distribution and Sales Channels

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Distribution channels in Australia tend to be more generalized than those in the U.S. This is primarily due to Australia's relatively small population and industrial base. In most cases, Australia's distribution and sales channels are comparable to those in other

industrialized countries. U.S. exporters commonly use importers, distributors, agents, wholesalers, and manufacturers' representatives.

Foreign companies also export directly to end-users and this method is often observed where equipment is manufactured on a custom or one-off basis. Many large retail chains, including department stores and supermarkets, can purchase in bulk rather than using traditional wholesale channels.

Selling Factors/Techniques

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Before entering the market, prospective exporters to Australia should evaluate their selling techniques thoroughly to ensure that they are appropriate to the market, and that there is sufficient demand for the product/service in Australia. An effective way to evaluate the situation is to do some basic market research and follow through with a personal visit. There is no substitute for a first-hand investigation and knowledge.

Electronic Commerce

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Australian's are early adopters of high-tech electronic equipment, making the local market attractive for U.S. vendors of IT products and services. Australia provides a robust regulatory framework that facilitates the use of e-commerce platforms.

According to the Australian Bureau of Statistics (ABS), there were approximately 9.6 million active internet subscribers at the end of June 2010. Nearly 92 percent of these connections are non dial-up, with 71 percent of all access connections offering a download speed of 1.5 Mbps or greater. By far the fastest growing technology is mobile wireless, with 3.5 million subscribers in June 2010, an increase of 21.7 percent from December 2009. Banks, and airlines have been riding at the crest of this wave, and have been quick to introduce mobile applications to access bank accounts, mortgages, as well as make flight bookings, and generate electronic tickets.

Australian Internet Subscribers June 2010

By Millions of subscribers

Broadband	8.76
Dial-Up	0.8
Total	9.56

Source: Australian Bureau Statistics

Approximately 44 percent of broadband users utilize DSL technologies falling from 57 percent in June 2009. Over the last six months, wireless technologies have increased 21.7 percent with over 3.5 million subscribers at the end of June 2010.

Australian Broadband Technology Market

<u>Technology</u>	<u>Market Share</u>
DSL	44%
Cable	13% (estimate)
Wireless	37 %

Satellite 1%
Fibre 0.2 %

Source: Australian Bureau of Statistics

The Australian Government has implemented legislation to protect consumers in an online environment. The Electronic Transactions Act states that electronic documents are as legal as traditional paperwork, this is a key component of the government's legal framework for the electronic environment. The Privacy Act also places strict guidelines about how companies can collect and use data.

Trade Promotion and Advertising

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U.S. companies can promote their products by advertising in *The Australian Financial Review*, the financial sections of the major newspapers, industry magazines, and trade association newsletters. Direct mail campaigns can be a valuable part of a marketing strategy if the U.S. company has established local fulfillment capabilities.

Direct mail campaigns launched from the U.S., without a local Australian presence, generally are not effective as a sole tactic. Companies should take note that households can also be placed on a "Do Not Mail List" that has been growing yearly.

Australia hosts a variety of trade shows and conferences each year. While not as large as some similar events in Asia or Europe, these can provide efficient access to Australian trade and industry buyers. The U.S. Commercial Service Australia organizes U.S. Pavilions at several Australian trade shows to introduce new American suppliers and raise the market profile of existing distributors of U.S. products and technologies. More information about these can be found on our website at <http://www.buyusa.gov/australia/en/> (as of March 2011 this site will be located at: <http://www.expport.gov/australia>)

A brief list of major newspapers, business journals, trade fair organizers, and other useful websites is featured below.

Newspapers

The Australian	http://www.theaustralian.com.au/
The Australian Financial Review	http://www.afr.com/home
The Sydney Morning Herald	http://www.smh.com.au
The Age (Melbourne)	http://www.theage.com.au
The Canberra Times	http://www.canberratimes.com.au
Courier Mail (Brisbane)	http://www.couriermail.com.au/
Adelaide Advertiser	http://www.adelaidenow.com.au/
The West Australian (Perth)	http://au.news.yahoo.com/thewest/

Business Journals

Business Review Weekly	http://www.brw.com.au
Margaret Gee's Australian Media Guide	
http://www.crowncontent.com.au/mgeesmediaguide.html	
National Guide to Government	http://www.crowncontent.com.au/nationalguidetogov.html

Trade Fair Organizers

Diversified Exhibitions Australia (Formerly: Australian Exhibition Services)	http://www.divexhibitions.com.au/
Reed Exhibitions Australia Pty. Ltd.	http://www.reedexhibitions.com.au/
Exhibition Management Pty. Ltd.	http://www.exhibitionmanagement.com.au
DMG World Media Australasia	http://www.dmgworldmedia.com.au
Exhibitions & Trade Fairs	http://www.etf.com.au
Expertise Events Pty. Ltd.	http://www.expertiseevents.com.au

Other Useful Websites

Australian Bureau of Statistics	http://www.abs.gov.au
Australian Trade Commission	http://www.austrade.gov.au/
Business Service Providers (March 2011: http://www.export.gov/australia)	http://www.buyusa.gov/australia/en/bsp.html
Commercial Service Services http://www.buyusa.gov/australia/en/services.html (March 2011: http://www.export.gov/australia)	
Department of Innovation, Industry, Science and Research	http://www.industry.gov.au
Featured U.S. Exporters (March 2011: http://www.export.gov/australia)	http://www.buyusa.gov/australia/en/331.html
Australian Yellow Pages	http://www.yellowpages.com.au
Australian White Pages	http://www.whitepages.com.au

Pricing

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Australia is a free-enterprise economy and basic market factors of supply and demand apply in product pricing. This competitive market requires that companies be price competitive, expect lower profit margins, and expect sales of minimum quantity. Some factors to consider are:

Selling Costs and Price Competitiveness

Australia has a geographical area similar to that of the continental United States and a population of 22 million - comparable to the population of greater Los Angeles. In addition to Australian domestic supply, products from all over the world are represented in this sophisticated market, where sellers and end-users alike are all searching for something new. It is important for U.S. companies to adapt their pricing to the local market, which is active and highly-competitive.

To structure their prices competitively, suppliers must consider all the cost elements that imported products have to bear. The key factors are: freight rates; handling charges; import tariffs; goods and services tax (GST); marketing costs, such as advertising and trade promotion; and agent or distributor commissions. U.S. exporters should note that sea freight rates from the U.S. to Australia are high when compared with those from within Asia, and even from Europe.

Volume Buying/Selling and Discount Pricing

Australian wholesalers and retailers traditionally have sought the highest markup the market would absorb, rather than thinking of volume buying or selling. This pattern is changing as open markets and the influx of franchises and other high-volume businesses have alerted the increasingly cost-conscious consumer to competitive discount sales and services. Suppliers need to be able to deliver quality products or services at attractive prices. To compete successfully, exporters should consider granting maximum wholesale discounts, keeping in mind that what may seem to be a small transaction to the U.S. exporter appears as a major order to an Australian buyer.

Most Australian volume importers prefer to deal directly with manufacturers. They believe that it is cheaper to deal with the overseas manufacturer rather than sourcing from overseas distribution houses. Many consumers are making on-line purchases from the United States to avoid high local prices and the 10% GST (only applied on import values exceeding A\$1,000).

Industrial Pricing

Factors of price, quality, reliability, and service support are prime considerations when selling industrial products or capital equipment. While price is certainly a major factor, a purchaser may decide to pay more for a piece of equipment known to be of a better quality and more reliable than a competing product. U.S. exporters must be prepared to negotiate on price or other aspects of the purchase.

In general, Australians are conservative when purchasing capital equipment to upgrade their manufacturing processes. They take time to make purchasing decisions, weighing them carefully against their perceived payoff to increase bottom line profits. If the bottom line does not appear to receive much gain from the purchase, they may simply delay their decision.

Price Controls

As Australia is a free-market economy, there is little formal price control. The national regulator, the Australian Competition and Consumer Commission (<http://www.accc.gov.au>) has the power under the Prices Surveillance Act of 1983 and the Trade Practices Act of 1974, to investigate, vet or monitor the prices charged by businesses. These statutory pricing powers, which are designed to make particular businesses or industries publicly accountable for the prices they set, can only be employed where the Federal Government has authorized their use. The ACCC generally uses its pricing powers to examine prices charged by private businesses that hold substantial power in a market. The Commission's use of its inquiry and monitoring powers culminate in a public report and, where necessary, recommendations to the Government.

Sales Service/Customer Support

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Generally, doing business in Australia is simple for U.S. exporters when compared with other foreign markets. Culture, language, and business practices are remarkably common. Subtle cultural differences do exist, however, that can either invigorate or

undermine a business relationship. In their dealings, both Americans and Australians are wise to take the time and effort to confirm that their perceptions about roles and expectations are consistent with those of their counterparts.

Depending on the product or service to be exported, Australian agents/distributors expect support from their U.S. suppliers, including product warranty for a specified time, training, advertising, and promotion.

Timely delivery of goods, including spare parts, is expected and is rarely a problem, as major U.S. freight forwarders have offices in Australia. Air freight is used commonly for smaller items. Shipping schedules are reliable. Where necessary, U.S. firms should ensure that their representatives can service the imported equipment or that there are service arrangements in place.

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property (“IP”) rights in Australia. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Australia than in the U.S. Third, rights must be registered and enforced in Australia, under local laws. Your U.S. trademark and patent registrations will not protect you in Australia. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Australian market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Australia. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Australian law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may

create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Australia require constant attention. Work with legal counsel familiar with Australian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Australian- or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at <http://www.stopfakes.gov/>.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at <http://www.stopfakes.gov/>
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: <http://www.stopfakes.gov/>
- This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Australia at:

Jennifer Ness, Commercial Officer (Intellectual Property Rights)
Phone: (66) 2 205-5913
Fax: (66) 2 255-2915
Email: jennifer.ness@trade.gov

Due Diligence

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U.S. firms should exercise normal commercial prudence when doing business in the Australian market and are advised to perform due diligence on likely business partners and customers.

CS Australia provides the International Company Profile program, giving useful background information on an Australian firm including financial data, trade references, company size, marketing operations, and a listing of key officers. We will also visit the company premises to interview principals in the Sydney and Melbourne metro area.

Another avenue is the Australian Securities and Investments Commission (ASIC), <http://www.asic.gov.au>, a government agency that enforces and administers Australia's Corporations Law and registers all companies. For a small fee, ASIC can provide you with a "historical company extract" which will tell how long a company has been in business, whether it is registered, its principal place of business, a list of directors, and details about its share capital. ASIC can also advise on whether any of the directors have been disqualified.

Local Professional Services

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The full range of professional services such as human resources, executive recruitment, legal, financial, and real estate exist in Australia, with a greater choice and concentration in metropolitan centers such as Sydney, Melbourne, Perth, Adelaide, Canberra, and Brisbane. For the benefit of U.S. exporters, the U.S. Commercial Service Australia maintains a list of firms known to us on our website under the heading Business Service Providers <http://www.buyusa.gov/australia/en/bsp.html> (as of March 2011 this site will be located at: <http://www.export.gov/australia>).

Web Resources

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Australian, The: <http://www.theaustralian.news.com.au>
Australian Bureau of Statistics: <http://www.abs.gov.au>
Australian Business Register: https://abr.gov.au/ABR_BC/
Australian Competition and Consumer Commission: <http://www.accc.gov.au>
Australian Direct Marketing Association: <http://www.adma.com.au>
Australian Financial Review, The: <http://www.afr.com.au>
Australian Securities and Investment Commission: <http://www.asic.gov.au>
Australian Taxation Office: <http://www.ato.gov.au/>
ATO: Business Entry Point: <http://www.business.gov.au>
Australian Trade Commission: <http://www.austrade.gov.au/>
Business Review Weekly: <http://www.brw.com.au>
Canberra Times, The: <http://www.canberratimes.com.au>
Commercial Service Australia: <http://www.buyusa.gov/australia/en/>
(as of March 2011 this site will be located at: <http://www.export.gov/australia>
and <http://www.buyusa.gov/australia>)
Courier Mail (Brisbane): <http://www.couriermail.news.com.au/>
Dept. of Innovation, Industry, Science and Research: <http://www.industry.gov.au>
Diversified Exhibitions Australia
(Formerly: Australian Exhibition Services): <http://www.divexhibitions.com.au/>
DMG World Media: <http://www.dmgworldmedia.com.au>
Exhibition Management Pty. Ltd.: <http://www.exhibitionmanagement.com.au>
Exhibitions & Trade Fairs Pty. Ltd.: <http://www.etf.com.au>
Expertise Events Pty. Ltd.: <http://www.expertiseevents.com.au>
FedEx: <http://www.fedex.com/us/international>
Featured U.S. Exporters: <http://www.buyusa.gov/australia/en/331.html>
(March 2011: <http://www.export.gov/australia>)
Franchise Council of Australia: <http://www.franchise.org.au>
Franchising Code of Conduct: <http://www.franchise.org.au/franchising-code-of-conduct.html>
IP Australia: <http://www.ipaustralia.gov.au>
Margaret Gee's Australian Media Guide: <http://www.mediaguide.com.au/>
National Guide to Government: <http://www.nationalguide.com.au/>
Official Australian Yellow Pages: <http://www.yellowpages.com.au>
Official Australian White Pages: <http://www.whitepages.com.au>
Reed Exhibitions Australia Pty. Ltd.: <http://www.reedexpo.com.au>
Sydney Morning Herald, The: <http://www.smh.com.au>
West Australian, The: <http://www.thewest.com.au>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

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- [Automotive Parts & Accessories \(APS\)](#)
- [Biotechnology \(BTC\)](#)
- [Construction Machinery \(CON\)](#)
- [Cosmetics \(COS\)](#)
- [Franchising \(FRA\)](#)
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- [Medical Equipment \(MED\)](#)
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- [Renewable Energy \(REQ\)](#)
- [Software \(SFW\)](#)
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AIRCRAFT AND PARTS (AIR)

Overview

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Unit: USD thousands

	2009	2010 (estimated)	2011 (estimated)	2012 (estimated)
Total Market Size	2231000	2253000	2275000	2298000
Total Local Production*	2720000	2747000	2774000	2802000
Total Exports	680000	686000	693000	700000
Total Imports	191000	192000	194000	196000
Imports from the U.S.	122000	123000	124000	125000
Exchange Rate: 1 A\$	0.8969	1.00	1.00	1.00

*The above statistics are unofficial estimates.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

- Total Local Production: Unofficial Estimate
- Total Exports: Global Trade Atlas
- Total Imports: Global Trade Atlas
- Imports from U.S.: Global Trade Atlas

The Australian aerospace and aviation industry is a significant market for U.S. exporters. It is intrinsically connected with U.S. standards, suppliers, parts, and finished aircraft. U.S.-manufactured aircraft represents a sizeable proportion of the registered aircraft in Australia, ensuring a steady market for spares, accessories, and service. Other registered aircraft are manufactured in Australia, Germany, the U.K., and France. The Australian Civil Aviation Authority's acceptance of FAA certification standards strengthens the relationship between American aircraft and parts exporters and their Australian counterparts.

The Australian aerospace and aviation industry is a mix of small and medium enterprise (SME) subsidiaries that supply parts, engineering services, and expertise. Local firms specialize in repair, maintenance, airframe component manufacturing, airport systems, infrastructure, avionics, aero engine, and engine component manufacturing. A select group of specialists carries out commercial aircraft maintenance.

Australia is a primary market in the Asia Pacific region and a major distribution point for the region, offering opportunities for suppliers of quality aerospace products and services.

Sub-Sector Best Prospects

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The commercial airline market sources major equipment directly from manufacturers and prefers to obtain OEM spares from approved suppliers. In Australia, Qantas leads the field in commercial aviation, followed by Virgin Blue. Opportunities in the aviation market include a range of products from avionics to ground support equipment. Best prospects remain in parts and components supplies for aircraft maintenance, repair, and overhaul

of U.S.-manufactured airplanes. With some exceptions, the Australian avionics industry is limited to the supply and installation of components rather than the design and development of high technology products. A significant sub-sector is aerial agriculture, which uses special purpose aircraft, vehicles, equipment, and aircraft maintenance facilities.

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Aircraft Owners and Pilots Association: <http://www.aopa.com.au/>

Airservices Australia: <http://http://www.airservices.gov.au/>

Australian aerospace industry contacts page: <http://www.aerospace-technology.com/industry/australia.html>

Civil Aviation Safety Authority: <http://www.casa.gov.au>

BIOTECHNOLOGY (BTC)

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Australia is a significant player in the global biotechnology industry. Australia has had a long, consistent tradition of excellent research and development (R&D), particularly in medicine and agriculture. The country's R&D assets are based on a high-quality science education system and expertise across a range of fields. As a result, Australia attracts a large number of major international pharmaceutical and agribusiness companies that either undertake research in Australia or enter into alliances with Australian companies and research providers.

Australia is a leading location for biotechnology in the Asia-Pacific region. Australia's competitive advantage lies in the quality of its universities, which have a heavy emphasis on life sciences, and research strength in scientific, agricultural, and medical research.

Australia has 450 core biotech companies. Forty-nine percent of firms are involved in Human Therapeutics, 16 percent in Agricultural Biotechnology, and 13 percent in Diagnostics. The Australian biotechnology industry is located primarily on the eastern seaboard of Australia in the states of Victoria, New South Wales, and Queensland.

Australia is well represented internationally for its capabilities in fundamental research in biotechnology and related disciplines. Researchers in Australia have outstanding credentials and are credited with the development of penicillin, the Cochlear hearing implant, Resmed treatment of sleep apnea, Relenza flu drug, and the Gardasil cervical cancer vaccine. Australia's technology productivity is very high with a per capita patent filing rate similar to that of the U.S. Australia produces 2.5 percent of the world's published and patented research from just 0.3 percent of the world's population.

The Australian biotechnology industry focuses on partnering for both primary research and commercialization. Approximately 46 percent of firms have partnerships with firms in the United States.

Sub-Sector Best Prospects

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Australia has numerous world-class medical research organizations and the majority of biotechnology companies are involved in human therapeutics, drug discovery, and diagnostics. Australia offers excellent opportunities for U.S. test and measuring equipment, as well as other scientific instruments, international partnerships, and cost-effective clinical trials.

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Ausbiotech: <http://www.austbiotech.org>

AUTOMOTIVE PARTS & ACCESSORIES (APS)

Overview

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Unit: USD thousands

	2009	2010 (estimated)	2011 (estimated)	2012 (estimated)
Total Market Size	9295000	9315000	9329000	9338030
Total Local Production	5060000	4875000	4850000	4825128
Total Exports	1125000	1010000	1101000	1200199
Total Imports	5360000	5450000	5580000	5713101
Imports from the U.S.	779000	794000	799000	804031
Exchange Rate: 1 A\$	.8969	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates

Total Exports: Industry estimates

Total Imports: Industry estimates

Imports from U.S: Industry estimates

The economic crisis had a short-term negative impact on capital-equipment purchases within the automotive industry. The slowdown of new car sales as a result of the world economic crisis has had a positive impact on the aftermarket industries as more consumers look to improve and repair their existing motor vehicles. Adopted from industry experts, the forecasts above indicate a decrease in local production, which will have a positive impact on imports.

The Federal Chamber of Automotive Industries (FCAI) reports that in calendar year 2010, sales of passenger vehicles, SUV's and commercial vehicles reached 1,035,574, a 10.5 percent increase (98,246 vehicles) over 2009. As of November 2010, market shares were; Toyota (21.1 percent), GM Holden (12.6 percent), Ford (10.3 percent), Mazda (8.3 percent), and Hyundai (7.1 percent). Of these companies, GM Holden, Ford, and Toyota have manufacturing facilities in Australia. Sales of light and small passenger vehicles lead all sales of new cars, followed by SUV vehicles

In 2010, 105,766 motorcycles, scooters and all-terrain vehicles were sold, a decrease of 8.9 percent on 2009 figures and an 13.6 percent decrease on 2008 sales. The global financial crisis impacted sales of motorcycles in Australia more than it did auto sales as reflected by the slump in sales from 2008 through to 2010. Analysts predict that motorcycle sales will bounce back in 2011. Japanese companies Honda, Yamaha, and Suzuki are the leading manufacturers of motorcycles in the local market.

Australia has the third-highest vehicle ownership rate in the world with over 600 vehicles per 1,000 people. Growth in Australia's aftermarket has averaged above 5 percent over the past ten years. The aftermarket for replacement parts and accessories is a significant element of Australian component producers' total sales. This part of the market is estimated to be worth approximately US\$5 billion for replacement parts and

US\$6 billion for accessories and is split fairly evenly between local producers and imports. According to the World Trade Atlas 2008, the United States is the leading supplier, accounting for 19.7 percent of imports or US\$548 million, while Japan comes second with 17.4 percent.

The U.S.-Australia FTA has resulted in the elimination of tariffs across most U.S. automotive imports. This fact coupled with the larger size of the U.S. industry has contributed to a 10.4 percent increase in U.S. exports to Australia since its inception. Future growth potential may be limited by the modest size of the Australian market. Although the United States is Australia's largest import source of these components, U.S. exports to Australia represent less than 2 percent of total U.S. exports of motor-vehicle parts.

Sub-Sector Best Prospects

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The Australian automotive market provides good opportunities for U.S. suppliers of both specialty aftermarket equipment/accessories as well as the necessary aftermarket parts such as; 4WD parts and accessories, street performance parts and accessories, and automotive tools. In general, high-quality, innovative, environmentally-conscious and competitively-priced parts and accessories have strong demand.

Standards

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Before a road vehicle can be registered for the first time in Australia, it must comply with the Federal Motor Vehicle Standards Act 1989. The Motor Vehicle Standards Act requires vehicles as well as automotive parts and accessories to meet the national standards that cover a variety of safety and emission requirements. These national standards are currently known as the Australian Design Rules (ADRs). Compliance with the ADRs is overseen by the Department of Transport and Regional Services (DOTARS); <http://www.dotars.gov.au>.

The Australian Quarantine and Inspection Service (AQIS) inspect secondhand automotive parts. Therefore some U.S. companies may also have to comply with the AQIS standards; <http://www.aqis.gov.au>.

Opportunities

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A prime area of opportunity in Australia's automotive sector is for accessories and replacement parts for light and medium-sized family cars and sports utility vehicles. Parts and accessories for routine auto maintenance, street performance, and high-end cosmetic auto enhancement also offer considerable opportunity for U.S. firms. Sales are generally through agents or distributors.

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Australian Automotive Aftermarket Association: <http://www.aaaa.com.au>

Australian Customs Service: <http://www.customs.gov.au>

Australia United States Free Trade Agreement Business Group (AUSTA): <http://www.austa.net>

Department of Transport and Regional Services: <http://www.dotars.gov.au>

Federal Chamber of Automotive Industries: <http://www.fcai.com.au>

Federation of Automotive Parts Manufacturers: <http://www.fapm.com.au>

CONSTRUCTION MACHINERY (CON)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	851000	819000	807000	827000
Total Local Production	687000	563000	555000	568000
Total Exports	212000	228000	225000	230000
Total Imports	376000	484000	477000	489000
Imports from the U.S.	120000	166000	164000	168000
Exchange Rate: 1 A\$	.8969	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Australian Bureau of Statistics

Total Exports: Global Trade Atlas

Total Imports: Global Trade Atlas

Imports from U.S.: Global Trade Atlas

Australia's construction industry is entering a period of uncertainty following strong performance in the first half of 2010. In the second half of 2010, a slow down occurred and is expected to continue in 2011 according to industry experts. This slowdown is attributed to the increase in interest rates by the Central Bank and also to the end of the First Home Owner Grant, introduced in July 2000 by the federal government to encourage first-time home buyers.

Industry experts continue to be optimistic for the construction sector's potential over the medium term. The expected upside potential during the latter stage of the forecast period, with annual average construction industry real growth of 3.8% anticipated between 2013 and 2018. The key factor influencing the growth is major infrastructure projects that are planned in Australia in different industries. Key sectors include: transport infrastructure, mining, electricity, telecommunications, sewerage and water supply, and other civil projects (including the construction and upgrading of freight and port facilities). Continuing development of Australia's infrastructure is a key priority of the Australian government, which is fast-tracking an infrastructure program. Under this program, an advisory council is working in partnership with state and federal government representatives and business leaders to determine significant infrastructure requirements. The Australian government is still planning to maintain its investment in infrastructure to support the construction industry and the economy generally.

U.S. imports are valued at about one third of total imports of construction machinery in Australia. U.S. manufacturers, particularly those operating through wholly-owned subsidiaries or Australian agents, enjoy a positive reputation for product quality and after-sales service. Major U.S. manufacturers supplying the Australian market include: Caterpillar, Case New Holland, John Deere, Ingersoll-Rand, Bobcat, Vermeer, Manitowoc, Terex, and Ditch Witch.

Japan and Germany are still key, third-country suppliers. Komatsu, Hitachi, Kobelco, Kawasaki, Kubota and Sumitomo are the principal Japanese companies exporting construction equipment to Australia. Liebherr, Demag and Bomag are the main German brands in this market.

Australian manufacturing is mainly small amounts of customized products such as: attachments (buckets, tractor tires, cabs, wheels and rims), replacement parts and wear parts for incorporation into imported base units. While construction machinery prices range from a few thousand US\$ to an excess of US\$1 million, the local industry manufactures items at the lower end of the spectrum.

The 2005 Free Trade Agreement between the U.S. and Australia (AUSFTA) eliminated import duties on construction machinery from the U.S. The import duty rate from other countries is five percent.

Sub-Sector Best Prospects

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Investment in heavy equipment is likely to continue the next few years to support federal and state government plans for growth in infrastructure construction. Equipment includes: off-highway dumpers, graders and levelers, self-propelled track laying bulldozers and angle dozers, front-end shovel loaders, and scrapers.

Pricing, technology, and after-sales-service still dominate the buying habits in this market. Australian end-users are willing to invest in technology that offers superior precision, flexibility, safety, and reliability features. Large construction machinery that consumes high levels of energy is at a disadvantage. Manufacturers and/or agents must provide on-call back up servicing programs and substantial product warranties.

Opportunities

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Queensland (QLD), Victoria (VIC), and Western Australia (WA) are still planning major infrastructure projects. These include:

Project	Location	Value USD (thousands)	Planned Commencement Date
AUSTRALIA PACIFIC LNG (APLNG) PROJECT	QLD	35000000	July 2012
SCADDAN ENERGY JOINT VENTURE COAL PROJECT	WA	21000000	June 2013
CROSS RIVER RAIL PROJECT - INNER CITY RAIL UPGRADE	QLD	14000000	March 2012
ABBOT POINT COAL TERMINAL X110 INFRASTRUCTURE DEVELOPMENT PROJECT	QLD	7200000	June 2012
LOY YANG COLDRIY PLANT PROJECT	VIC	6000000	July 2011
WEST PILBARA IRON ORE PROJECT	WA	5770000	February 2011
ALPHA COAL PROJECT	QLD	5500000	June 2013
WESTLINK - WEST GATE BRIDGE ALTERNATIVE	VIC	5000000	June 2013

MELBOURNE METRO RAIL TUNNEL - STAGE 1	VIC	4500000	December 2012
REGIONAL RAIL LINK - PACKAGE E	VIC	4300000	November 2011
OAKAJEE DEEP WATER PORT	WA	4000000	June 2011
WIGGINS ISLAND COAL TERMINAL PROJECT STAGES 2 & 3	QLD	4000000	July 2013

Source: Construction Forecasting Council

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Associations:

Australian Building Codes Board: <http://www.abcb.gov.au>

Australian Construction Industry Forum (ACIF): <http://www.acif.com.au>

Australian Constructors Association: <http://www.constructors.com.au>

Australasian Tunneling Association: <http://www.ats.org.au>

Australian Council for Infrastructure Development (now amalgamated with Infrastructure Partnerships Australia): <http://www.infrastructure.org.au>

Civil Contractors Federation: <http://www.civilcontractors.com>

Construction Forecasting Council: <http://www.cfc.acif.com.au>

Department of Infrastructure, Transport, Regional Development and Local Government: <http://www.infrastructure.gov.au>

Housing Industry Association: <http://www.hia.com.au>

Global Trade Atlas: <http://www.gtis.com/gta/>

Master Builders Australia Inc.: <http://www.masterbuilders.com.au>

COSMETICS (COS)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	1283	1524	1600	1672
Total Local Production	688	823	857	891
Total Exports	60	65	60	63
Total Imports	655	766	803	843
Imports from the U.S.	199	234	245	257
Exchange Rate: 1 A\$	.8969	1.000	1.000	1.000

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Australian Bureau of Statistics

Total Exports: Australian Bureau of Statistics

Total Imports: Australian Bureau of Statistics

Imports from U.S.: Australian Bureau of Statistics

The Australian cosmetics and toiletries market value was US\$1.5 billion, with imports representing 50 percent. Australians are becoming more concerned with wellness issues and seek products that prolong a youthful appearance.

The U.S. maintains a 30-percent market share. The increased interest in innovative color cosmetics is encouraging sales, with this sub-sector accounting for 45 percent of the market. As a result of the Free Trade Agreement between the United States and Australia, the general import duty on cosmetics and toiletries from the United States is zero.

Sub-Sector Best Prospects

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The three sub sectors experiencing growth are color cosmetics, hair care, and beauty salon products.

Color cosmetics offering appearance-enhancing benefits along with anti-aging properties are in a good position for continued growth. Increasingly, suppliers are seeking goods that emphasize, preserve and protect rather than just for cosmetic appearance, e.g., wrinkle reduction products.

Prospects are also promising for professional hair products assisted by the support of a world-renowned hairdresser or hair care company. The demand for hair straightening products is increasing, as is colorants in the men's market. Likewise, growth in the beauty salon market is primarily due to professional-based regimes being desired by Australian consumers.

Innovative quality brands incorporating premium natural and/or organic ingredients are popular. Australian women are also keen to try new salon products in a professional salon/spa environment.

Opportunities

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Over the next year, the Australian cosmetic and toiletries market will continue to provide good opportunities for U.S. suppliers of the following products:

- Color cosmetics
- Hair care products
- Beauty salon based products

U.S. companies entering the Australian cosmetic and toiletries market should offer innovative products. Distributors in Australia seek novel brands and in particular, products with unique benefits.

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Pharmacy Guild of Australia <http://www.guild.org.au/>

Therapeutic Goods Administration <http://www.tga.gov.au/>

FRANCHISING (FRA)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	105868	127413	136125	144837
Total Local Production	88394	106722	115434	123057
Total Exports	NA	NA	NA	NA
Total Imports	17474	20691	20691	21780
Imports from the U.S.	3083	4356	4356	5445
Exchange Rate: 1 A\$	.8969	1.000	1.000	1.000

These figures relate to turnover in the franchise sector.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Franchise Council of Australia

Total Exports:

Total Imports: Franchise Council of Australia

Imports from U.S.: Franchise Council of Australia

Business confidence in the franchising sector is relatively high due to the nature of support of the franchising model. This varies, however, on the specific industry sector involved.

The Australian franchise sector is a large and highly-sophisticated industry, contributing approximately 14 percent to the nation's GDP. There are more franchising outlets per capita than anywhere else in the world, including three times more per capita than in the U.S. The total turnover of the franchising sector in 2010, including the motor vehicle and automotive fuel retail industries, approached US\$127 billion.

There were approximately 1,025 business-format franchise companies in Australia in 2010. Of these systems, 85 percent are Australian-grown; the remaining 15 percent are a mixture from New Zealand, the United States, and Europe.

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Franchising continues to experience growth in Australia and has spread into virtually every area of commercial activity. Sectors as diverse as home building, carpet cleaning, repair systems, waste management, and financial planning enjoyed high growth in the recent past. The most popular opportunities for franchising in Australia are in the non-food retail industry, which accounts for 26 percent of franchise systems. Food retail concepts that promote health and well being are growing. Opportunity also exists within administration and support services, which accounts for 15 percent of franchise systems. Please see the table below for a list of the Australian franchise sectors by percent of market share.

Australian Franchise Industries:

Industry	Percent
Retail trade (non-food)	26
Accommodation and food services (includes food retail, fast food, coffee shops, etc)	17
Administration and support services (includes travel agencies, office services, domestic and industrial cleaning, gardening services, lawn mowing, etc)	15
Other services (includes personal services, pet services, auto repairs and servicing, IT services, etc)	11
Education and Training	6
Rental, hire and real estate services	7
Financial and insurance services	4.6
Professional, scientific and technical	3.6
Arts and recreation services	3
Information media and telecommunications	1.5
Construction	1.6
Transport, postal and warehousing	1.2
Manufacturing	1
Health care and social assistance	1
Electricity, gas, water and waste services	0.3
Wholesale trade	0.2

(Franchising Australia 2010 Survey – Griffith University)

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Australia's urban centers are the best markets for franchising operations. In addition to the positive market dynamics, Australia and the U.S. share a common language and similar cultures (although there are some subtle differences to consider). Corruption risk is low to non-existent and the franchise industry is well-regulated, well-educated, and highly-developed. These factors enable U.S. firms to enter this sector with confidence.

The best opportunities for franchising in Australia are within the retail non-food sector. Growth in the franchise sector has generally been within the services segment, predominantly in 'personal and other services' such as home maintenance. Time-saving and financial-service concepts remain popular and the growing elderly population in Australia presents opportunities in home services, healthcare, and convenience "at home" services, such as pet grooming and car maintenance.

There is potential within the accommodation and food services (including food retail, fast food and coffee shops). Opportunities exist within food retail where the overall concept is to promote health and well-being along with a variety of niche food service options. Food niches include regional food concepts such as Tex-Mex and southern cooking.

Web Resources

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Australian Industrial Relations Commission, The: <http://www.airc.gov.au>

Franchise Council of Australia: <http://www.franchise.org.au>

International Franchise Association: <http://www.franchise.org>

Office of the Franchising Mediation Advisor, The:

<http://www.franchisingmediationadviser.com.au>

INFORMATION TECHNOLOGY SERVICES (CSV)

Overview

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Unit: USD thousands

	2009	2010 (estimated)	2011 (estimated)	2012 (estimated)
Total Market Size	7100000	7350000	7500000	77000000
Total Local Production	7050000	7250000	7300000	7500000
Total Exports	2900000	3050000	3100000	3250000
Total Imports	2950000	3150000	3300000	3450000
Imports from the U.S.	1050000	1200000	1300000	15000000
Exchange Rate: 1 A\$	.8969	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates

Total Exports: industry estimates

Total Imports: Industry estimates

Imports from U.S: Industry estimates

In Australia, the information technology (IT) services industry accounts for approximately 35 percent of the total IT market and is valued at nearly US\$11 billion. Growth in the IT service market slowed through 2008-2009 but is showing signs of picking up pace. The Australian Federal Government is the largest public sector client of the IT services industry. Key clients include: Department of Defense, Australian Taxation Office, Centrelink, Veterans Affairs, Australian Customs, Medicare, and Department of Human Services. Federal Government spending on IT services has been steady this year, and will drive the sector for the next 18 months.

The major users of IT services in the private sector include: finance, insurance, retail, transport, mining, telecommunications, and media sectors. Local companies without technology expertise typically form strategic partnerships with IT service providers.

In Australia, the largest IT service companies include: HP/EDS (combined revenue of approximately US\$3.8 billion), IBM (US\$3.6 billion), CSC (US\$1.2 billion), Unisys (US\$700 million), and Fujitsu (US\$600 million). Major local service players include Kaz Computing (Telstra-owned) and AlphaWest (Singtel Optus-owned), each with revenues approaching US\$500 million.

Indian integration and service companies, relatively new to Australia, have increased their shares in the local market. These companies include: Tata, Infosys, Satyam, and HCL. These firms have positioned themselves well by buying smaller, local IT services companies.

Sub-Sector Best Prospects

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Large Australian companies have already implemented VoIP solutions. Small and medium enterprises will drive VoIP sales into the foreseeable future. Sub-sectors in the IT service industry that may experience growth include: IT infrastructure library (ITIL), corporate governance and compliance, storage over IP, developing enterprise applications and infrastructure for 3G mobile networks, document management, and wireless local area networks (LANs). Demand for IT security services show little sign of abating.

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The Federal Government is planning to spend approximately US\$30 billion rolling out a high-speed, fibre-to-the-home network across Australia. Roll-out of the National Broadband Network (NBN) has started with sections of the Tasmanian population already enjoying high-speed Internet connections (100 Mbps). The mainland Australia NBN project is in an evaluation phase with currently five locations, and it is unclear when the full implementation will take place. With a cost of US\$35 billion, the NBN is one of the largest infrastructure projects undertaken by the Australian government. Excellent opportunities exist for U.S. vendors of networking equipment, billing, and consulting services when the project goes ahead.

Web Resources

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Australian Information Industry Association: <http://www.aiia.com.au>

Australian Reseller News: <http://www.Arnnet.com.au>

CIO: <http://www.cio.com.au>

Internet Industry Association of Australia: <http://www.iiia.net.au>

National Broadband Network (NBN Co): <http://www.nbnco.com.au>

Tech News Review: <http://www.technewsreview.com.au/article.php?article=6849>

MEDICAL EQUIPMENT (MED)

Overview

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Unit: USD thousands

	2009	2010 (estimated)	2011 (estimated)	2012 (estimated)
Total Market Size	3020000	3322000	3654000	4019000
Total Local Production*	1334000	1467000	1614000	1775000
Total Exports	1161000	1277000	1404000	1545000
Total Imports	2847000	3131000	3444000	3789000
Imports from the U.S.	1082000	1190000	1309000	1440000
Exchange Rate: 1 A\$	0.8969	1.00	1.00	1.00

*The above statistics are unofficial estimates.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

- Total Local Production: Unofficial Estimate
- Total Exports: Global Trade Atlas
- Total Imports: Global Trade Atlas
- Imports from U.S.: Global Trade Atlas

Australia is the ninth largest export market for U.S. manufacturers of medical technology products. Australia is a mature market for medical technology and there is demand for the full range of sophisticated medical equipment. The Australian population generally expects a high standard of medical treatment and there is a continuing need for state-of-the-art, high quality medical products.

The Australian market for medical technology represents a little less than two percent of the global market. Most of the medical equipment used in Australia is imported. The three major suppliers are the United States, the European Union, and Japan. Australia's spending on healthcare is approximately 8.7 percent of GDP, the same as the United Kingdom and Ireland, but less than the United States (16 percent).

Many of the major U.S. manufacturers have local representation or subsidiaries in Australia. These companies include Bard, Baxter Healthcare, Boston Scientific, Cook Medical, Johnson & Johnson Medical, Medtronic, St. Jude Medical, Stryker, and Zimmer. Large, multinational firms dominate the Australian market. Small to medium-sized importers and distributors comprise the remainder of the industry.

Health provisions and funding comes from the public and private sectors. With Australia's government-funded healthcare scheme, the Government is the primary purchaser of medical equipment. The Federal and State governments fund approximately 69 percent of healthcare spending. The private sector funds the remaining 31 percent. Depending upon the type of products, public hospitals generally account for approximately 70 percent of purchases of medical equipment, with the remaining 30 percent from the private sector. The Medical Technology Association of Australia (MTAA) reports that approximately 50 percent of sales are to the public sector and 50 percent to the private sector.

The Therapeutic Goods Administration (TGA) regulates the medical equipment industry. Australia's regulatory framework is based on Global Harmonization Task Force (GHTF) and European Community guidelines. U.S. exporters must appoint an Australian representative/sponsor to obtain regulatory approval from the TGA. U.S.-manufactured medical devices require an EC Certificate from a European Union Notified Body. Alternatively, U.S. manufacturers can apply to the TGA for a Conformity Assessment Certificate.

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The medical technology industry has consistently provided good prospects for U.S. exporters. U.S. medical technology is traditionally well received in Australia due to its perceived high quality. The market is sophisticated, mature, and quick to adopt new healthcare technologies. Importers seek to obtain cost-effective and innovative products that will improve patient outcomes and reduce healthcare costs.

Prices and volumes are influenced by government healthcare policies and provisions of public healthcare services. Products that serve Australia's ageing population are likely to experience growth. Diseases and illnesses for which incidence and prevalence rates are projected to increase include diabetes, cerebrovascular disease (stroke), ischaemic (coronary) heart disease, lung cancer, and musculoskeletal disorders.

Web Resources

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Australian Therapeutic Goods Administration (TGA): <http://www.tga.gov.au>
Australian Department of Health and Ageing: <http://www.health.gov.au/>
Medical Technology Association of Australia: <http://www.mtaa.org.au>

MINING EQUIPMENT (MIN)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	493000	526900	560100	588100
Total Local Production	256200	266400	282300	299200
Total Exports	79000	81300	84500	87800
Total Imports	316500	341800	362300	376700
Imports from the U.S.	111900	120800	115900	113000
Exchange Rate: 1 A\$	.8969	1.00	N/A	N/A

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates.

Total Exports: Global Trade Atlas and industry estimates.

Total Imports: Global Trade Atlas and industry estimates.

Imports from U.S.: Global Trade Atlas, U.S. Census Bureau and industry estimates.

Australia is the world's largest exporter of black coal and also leads export volumes for diamonds, iron ore, lead, rutile, zinc, and zirconium. It is the second-largest exporter of gold and the third-largest exporter of aluminum and bauxite. The state of Western Australia (WA) accounts for an estimated 50 percent of Australia's mineral production. WA has over 1,200 operating mine sites (open pit, underground, and quarries) and 170 processing plants. The states of Queensland and New South Wales produce about 90 percent of Australia's coal through open pit and underground coal mines.

The total market size for mining equipment is in excess of US\$500 million and the industry imports 70 percent of its equipment. With a long history in mining, many mining equipment suppliers have established a local presence. Australia is the second-largest export market for U.S.-manufactured mining equipment. Companies recognize U.S. products for their quality and will pay a premium to avoid heavy losses associated with equipment failure or production delays.

Australian mining equipment manufacturers are particularly competitive in: fine coal cleaning and process control; strata reinforcement technology; and mining-related software. Major capital-type goods are imported and/or locally assembled by subsidiaries of foreign companies. These products include drilling equipment, front-end loaders, earthmoving and excavating equipment, compactors, and draglines. The major suppliers of mining equipment are the U.S. (35 percent import market share), Japan (6 percent), and Germany (9 percent).

The global financial crisis temporarily dampened the rising demand for capital equipment but had little effect on demand for consumables. In light of rising world commodity prices, a strong exchange rate, and rising capital spending, the future for U.S. mining-equipment suppliers to Australia looks very positive.

Sub-Sector Best Prospects

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- Products for open cut mining (as many miners shift from underground to open cut production).
- Heavy equipment parts.
- Specialized treatment procedures for specific minerals.
- Automation of materials handling and other operations.
- Mine planning / optimization software – as more mines move towards contract mining.

Opportunities

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Mining companies are considering the following projects:

Project Type	Project Name	Company	Value US\$
Coal mine development	Alpha Coal Project	Hancock Coal	7.5 billion
Coal mine development	Waratah Galilee	Waratah Coal	7.5 billion
Coal mine development	Belvedere Underground	Aquila Resources	2.8 billion
Iron ore development	Balmoral South	Australasian Resources	2.7 billion
Iron ore development	Solomon Hub	Fortescue Metals	2.4 billion
Coal mine development	Mount Pleasant	Rio Tinto	1.3 billion

Web Resources

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Australasian Institute of Mining and Metallurgy: <http://www.ausimm.com.au>

Australian Coal Association: <http://www.australiancoal.com.au>

Australian Institute of Geoscientists: <http://aig.org.au>

Australian Drilling Industry Association: <http://www.adia.com.au>

Mineral Council of Australia: <http://www.minerals.org.au>

Mining Equipment & Services Council of Australia: <http://www.mesca.com.au>

OIL AND GAS FIELD MACHINERY (OGM)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	479500	498600	519000	539600
Total Local Production	140000	145600	151400	157400
Total Exports	10500	11000	11400	11800
Total Imports	350000	364000	379000	394000
Imports from the U.S.	140126	144330	148660	157000
Exchange Rate: 1 A\$	.8969	1.00	N/A	N/A

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates.

Total Exports: Industry estimates.

Total Imports: U.S. Census Bureau and industry estimates.

Imports from U.S.: U.S. Census Bureau and industry estimates.

Oil and gas is a US\$10 billion a year production industry. There are approximately US\$150 billion of projects under construction or well-along in the planning stages. Modernization and restoration of existing machinery and infrastructure will continue. The majority of Australia's oil and gas production is from offshore Western Australia (WA), home to the giant Gorgon and Wheatstone projects. There are also significant reserves of coal bed methane and oil shale (over 30 billion barrels). Coal bed methane is a fast growing industry with the bulk of onshore drilling and production focused within the state of Queensland.

Many of the largest multinational oil companies are exploring, operating, and partnering in one or more projects. Among these players are Apache, BP, Chevron, Conoco-Phillips, Exxon, and Shell, as well as the larger Australian companies BHP-Billiton, Santos, and Woodside. Service companies such as Halliburton, Schlumberger, and Technip further enhance the international nature of the local industry. Australia is a receptive market to international operators, consultants, contractors, and equipment, as well as service providers.

Increasing demand for petroleum products (particularly LNG) is fuelling the exploration, development, and production of both existing and new fields across Australia. Increased interest in gas comes from several factors – increased energy consumption by regional importers (Japan, Korea and China), as well as increasing pressure on power generators to use gas as a cleaner alternative to burning coal.

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Australia is a net consumer of oil and gas equipment. Companies import much of the technology used in upstream and downstream projects. Technologies such as sub-sea connections, unmanned platforms, and Floating Production, Storage, and Offloading (FPSO), are in strong demand. Other growing segments include coal bed methane production and drilling equipment, deepwater exploration and production technology, and operational safety technology. Australia's oil and gas industry has a high regard for U.S. suppliers because of the latter's reputation for product quality, safety, and reliability.

Opportunities

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Oil and gas companies are engaged in the following projects:

Project Type	Project Name	Company	Value US\$
LNG project	Gorgon	Chevron	43 billion
LNG project	Wheatstone	Chevron	25 billion
LNG project	Australia Pacific LNG	Origin / ConocoPhillips	35 billion
Gas field and LNG plant	Ichthys Gasfield	Impex Holdings	20 billion
LNG production wells, plant, and pipeline	Curtis LNG Project	BG Group	8 billion
LNG production wells and pipeline	Gladstone LNG Project	Santos / Petronas	7.7 billion
LNG project	Timor Sea LNG Project	Methanol Australia	2.1 billion

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Australia Institute of Energy: <http://aie.org.au/>

Australian Petroleum Co-operative Research Centre: <http://www.apcrc.com.au/>

Australian Petroleum Production and Exploration Association: <http://www.apcrc.com.au/>

Australian Pipeline Industry Association: <http://www.apia.net.au/>

Geosciences Australia: <http://www.ga.gov.au/>

U.S. Census Bureau: <http://www.census.gov/>

RENEWABLE ENERGY (REQ)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	114000	115300	118750	122300
Total Local Production	27000	27300	28100	29000
Total Exports	3000	3000	3050	3200
Total Imports	90000	91000	93700	96500
Imports from the U.S.	13000	13700	14050	14500
Exchange Rate: 1 A\$	.8969	1.00	N/A	N/A

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates.

Total Exports: Industry estimates.

Total Imports: Industry estimates.

Imports from U.S.: Industry estimates.

Power generation is a large sector in Australia with around US\$85 billion invested in generation, transmission, and distribution assets. Annual generation is approximately 270,000 gigawatt hours. Coal-fired generators and renewable energy sources account for 76 percent and seven percent, respectively, of generated electricity. Growing energy consumption needs and future government policies will fuel renewable project investment in the medium-to-long term.

Australia's renewable energy production is driven by hydroelectricity (4.5 percent) and wind (1.5 percent). Biomass, biogas, and solar account for less than one percent of electricity generation. Most solar energy is used for residential water heating and accounts for 1.5 percent of residential energy consumption.

One of the key barriers to the development of the renewable energy industry is the low cost of non-renewable energy such as coal or gas-fired generation. This barrier will lessen with increasing coal prices. The Australian Government has set a target to reduce greenhouse gas emissions by 60 percent on 2000 levels by 2050. The Government also committed to ensuring that 20 percent of Australia's electricity supply will come from renewable energy sources by 2020. Investment in clean energy and energy efficiency was a major pillar of the 2009-2010 Australian federal budget, which committed US\$2 billion to clean energy initiatives, not including carbon capture storage. The policies are also coming at a time when a number of states are facing potential energy shortfalls due to aging infrastructure.

Wind powered energy is one of the most rapidly growing areas of renewable energy in Australia. Foreign manufacturers of wind turbine equipment, primarily from Germany and Denmark, have set up representative offices, and in-country manufacturing facilities.

Australia also uses a range of biomass technologies, the most common, is bagasse-generated energy used for the sugar industry and the national grid. Bio-fuels are another area of growth and a number of groups are working on several initiatives including large-scale bio-diesel and ethanol manufacturing. U.S. companies are making inroads into this area.

The Australian climate and location is ideally suited to solar power. Australia has become a world leader in photovoltaic (PV) technology. Cumulative installed PV electric power is around 52MW with 90 percent being off-grid. European and U.S. participation in PV cells is low. Asian suppliers dominate the PV cell import market.

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- Suppliers to solar cell manufacturers.
- Solar energy equipment, particularly for isolated communities.
- Small-scale (<200kW) to large-scale (>2MW) wind turbines.
- Energy storage technology for intermittent generation.
- Geothermal generation technology for low temperature sources.
- Biomass generating technology.

Opportunities

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Current renewable projects include:

Project Type	Project Name	Company	Value US\$
Wind	Musselroe	Roaring 40s	425 million
Wind	Waterloo Stage 1	Roaring 40s	300 million
Wind	Hallet 4 (North Brown Hill)	Energy Infrastructure Investments	341 million
Hydro	Bogong Power Development	AGL	240 million
Wind	Oaklands Wind Farm	AGL / Windlab Systems	200 million

Web Resources

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Australian Bureau of Agriculture and Resource Economics: <http://www.abare.org.au>

Clean Energy Council: <http://www.cleanenergycouncil.org.au>

Department of Climate Change and Energy Efficiency: <http://www.climatechange.gov.au/>

Renewable Energy Generators of Australia: <http://www.rega.com.au>

SOFTWARE (SFW)

Overview

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Unit: USD thousands

	2009	2010 (estimated)	2011 (estimated)	2012 (estimated)
Total Market Size	6040000	6210000	6400000	6580000
Total Local Production	2050000	2070000	2270000	2489000
Total Exports	900000	850000	1020000	1224000
Total Imports	4890000	4990000	5150000	5315000
Imports from the U.S.	2890000	2970000	3450000	4008000
Exchange Rate: 1 A\$	.8969	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates

Total Exports: Industry estimates

Total Imports: Industry estimates

Imports from U.S: Industry estimates

The local IT market is mature and sophisticated. End-users, whether corporate, public, or retail, are early adopters of cutting-edge technology products. U.S. companies dominate the local market. In 2009, U.S. software accounted for 38 percent of software imports.

The standout in the software market is the provision of IT security solutions, which has sustained double-digit growth for several years. Local integrators, resellers, and distributors are experienced in partnering with U.S. software companies.

Sub-Sector Best Prospects

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Software As a Service (SaaS) offers a new market model for customers who can opt to pay a monthly subscription fee for solutions, avoiding the need for up-front capital expenditure. SaaS makes many enterprise-level applications more affordable for Small and Medium Enterprises (SMEs) and, consequently, SaaS delivery platforms are gaining market share in SMEs. The following table shows the high proportion of SMEs in the local market. With the stellar growth in 3G smartphones in the local market (especially Apple's iPhone), the mobile applications market offers good growth potential.

Other solutions in demand include: voice messaging (including VoIP applications), security, workflow document management, asset management, corporate governance compliance (Basel and ITIL), data cleansing, and quality tools.

Opportunities

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In Australia, Federal and state governments purchase approximately 50 percent of all software. To sell to government agencies, it is important for U.S. firms to partner with a

local firm certified to sell to the government and familiar with Australia's federal and state tendering processes.

Local ISPs now offer viable, robust VoIP solutions to consumers. With more than nine million broadband subscribers, U.S. developers of VoIP solutions will find opportunities in the local market.

IT security solutions are also in demand. Governments and companies are allocating more of their IT budgets to ensure their digital assets are secure due to the dynamic nature of attacks to networks, email systems, and websites. Data sensitive government agencies, like the Department of Defense and Centrelink (welfare agency), mandate high levels of digital security.

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Australian Information Industry Association: <http://www.aiia.com.au>

Australian Reseller News: <http://www.Arnnet.com.au>

CIO: <http://www.cio.com.au>

Internet Industry Association of Australia: <http://www.iiia.net.au>

Tech News Review: <http://www.technewsreview.com.au/article.php?article=6849>

TRAVEL AND TOURISM (TRA)

Overview

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Number of Australian Travelers to the United States:

	2009	2010 (estimated)	2011 (estimated)	2012 (estimated)
Total Arrivals	724,000	861,000	964,000	1,0521,000
Percentage Change	5%	19%	12%	9%

Australians are traveling to the United States in record numbers. As the eighth-largest market for overseas visitors to the United States, Australia provides an important source of visitors for the U.S.-inbound tourism market. Australia is one of only two, top-ten markets to register visitor growth in 2009.

Factors fueling demand for travel to the United States include increased air capacity (Delta Air Lines and V Australia commenced trans-Pacific flights in 2009), extremely competitive airfares, and a strong Australian Dollar against the U.S. Dollar. The latest arrival statistics indicate that Australian travel to the United States is robust and the Australian market continues to be an important source of overseas visitors.

Long stays (average of 24 nights) and high spending characterize Australian travelers to the United States. The most popular months for Australians to travel to the United States are September-October, December, and May-July. Eighty-five percent of Australian travelers to the United States are leisure travelers and most are FIT (Independent) travelers. Australians travel throughout the United States visiting the west coast, the east coast, and the numerous destinations in-between. The most popular states visited are New York and California.

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Best prospect sectors include self-drive holidays, skiing, baby boomer travel, youth travel, adventure travel, shopping, cruising, and sporting holidays.

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Office of Travel and Tourism Industries: <http://www.tinet.ita.doc.gov>

WATER RESOURCES EQUIPMENT/SERVICES (WRE)

Overview

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	1399000	1435000	1463000	1491000
Total Local Production	420000	431000	439000	447000
Total Exports	63000	64000	65000	66000
Total Imports	1042000	1068000	1089000	1110000
Imports from the U.S.	156000	160000	163000	166000
Exchange Rate: 1 A\$	.8969	1.00	1.00	1.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Industry estimates.

Total Exports: Industry estimates.

Total Imports: Industry estimates.

Imports from U.S.: Industry estimates.

Australia has recently emerged from a nine-year drought. While water storage levels have improved in most regional areas, governments at all levels are working on strategies and projects aimed at securing future water supply. Australia spends an estimated US\$4.8 billion each year on water and wastewater treatment. Direct purchases of capital equipment account for 30 percent of total spending.

Almost all of Australia's key industry sectors source water from the same catchment areas used to supply households. Some of these industries are now developing small water-recycling projects. As the value of water increases, industries that are major users of water will find it more feasible to treat their wastewater internally for re-use. Recycled water is also expected to affect households. Indirect potable reuse is becoming more important.

Approximately 80 percent of Australia's 22 million residents live along Australia's eastern coast: Sydney in NSW, Melbourne in Victoria, and Brisbane in Queensland. Outside of mining, the biggest industrial users of water are concentrated in those cities. While drought conditions have eased somewhat, population pressure continues to drive policies, initiatives, and projects aimed at water efficiency and security. NSW, Victoria, and Queensland have completed, or are developing, large-scale desalination projects. Wastewater and recycling are important issues in these states. Coal Bed Methane (CBM) production is growing rapidly in Queensland. Queensland and NSW account for 90 percent of Australia's coal mining operations. CBM and coal mining companies are very interested in water-related solutions.

Water authorities continue to spend significantly in the area of pipelines, storage, cleanup projects, pump stations, and treatment plants. Major cities have built seawater desalination plants and various utilities are planning projects aimed at reducing discharge levels.

Sub-Sector Best Prospects

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Areas in which we see potential growth include: desalination technology, bio-filtration systems, flow-meters for wastewater measurement, presses for conversion of water or sludge waste, and filtration equipment for industrial waste applications. There is also a demand for innovative equipment, such as new oxidation systems for the removal of chemicals from industrial wastewater and smart metering systems for remote and peak/off-peak measurement.

Companies have also shown interest in trenchless and non-destructive technologies. The practical and socioeconomic benefits of these technologies will lead to further market growth.

Opportunities

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Current water projects include:

Project Type	Project Name	Company	Value US\$
Desalination plant	Adelaide Desalination Plant	SA Water	1.8 billion
Regional irrigation schemes throughout Tasmania	Tasmanian Irrigation Development Board Schemes	Local government	220 million
Wastewater treatment infrastructure works	Hunter Water Treatment Alliance	Hunter Water Corporation	200 million
Pumping stations and pipelines	Mardi-Mangrove Link Project	Gosford/Wyong Councils	150 million
Pumping station and pipelines	ACT Water Security Program	ACTEW Corporation	N/A

Web Resources

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Australian Water Association: <http://www.awa.asn.au>

Water Industry Operators Association: <http://www.wioa.org.au>

Water Services Association of Australia: <https://www.wsaa.org.au>

As educated, affluent consumers, Australians are willing to try new products. The population has absorbed a growing number of newly arrived immigrants from all over the world who bring with them diverse dietary tastes. In addition, foreign travel is relatively common, especially by the generation now entering the work force, and these consumers have broadened their culinary horizons.

Australian demographics are similar to those in the United States, with a large number of two-income families and the consequent need for more processed and consumer-ready foods. Australian consumers are oriented toward the same factors that many U.S. consumers seek - freshness, wholesomeness and healthy lifestyles. To a large extent, they are prepared to pay extra for them.

Given Australia's large agricultural base, market prospects for U.S. food products are best in areas drawing on innovative products, economies of scale, and the U.S. position as a counter-seasonal supplier of fresh product (for information on food export restrictions into Australia, see Chapter 5). Total exports of U.S. food, forestry and fishery products to Australia in the 12 months ending November 2010 were valued at just over US\$1 billion. The nature of agricultural products exported from the United States to Australia consists mainly of consumer-oriented and intermediate food products (US\$893 million in the 12 months ending November 2010).

The United States faces stiff competition in this market from New Zealand, European and Canadian suppliers, as well as from specialty suppliers in other Asian countries. Domestic production is also well established and growing in product lines. Foreign investment in the Australian food sector is substantial, with many large multinational companies participating.

Best Product Prospects

The organic, healthy and natural products market in Australia continues to grow rapidly. Although Australia is a large producer of organic raw products, it does not have the manufacturing capacity to satisfy demand for the processed segment. Prospects are excellent for organic and natural ingredients as well as consumer-ready processed foods and beverages. Examples of this are the adult segment in the nutritious snacks category which experienced a 16% rise in value in 2010.

The energy drinks segment remains the best performing in the cold beverage category with volume growth of 25% in 2010 (on top of 48% & 35% increases in 2009 & 2008). The value of this sector is now US\$225 million - a rise of US\$60 million over the 2009 value.

The iced tea segment of the beverages category is also still performing well, with overall growth by grocery volume of 16% and value of 14% in 2010.

The relatively new 'salty other' segment (i.e. not potato, corn or cereal) of the salty snacks category experienced growth of 155% in value and 136% in volume in 2010. This segment is now valued at US\$48 million.

To view individual commodity reports produced by the Foreign Agricultural Service please go to the following website:
<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>.

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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The U.S. - Australia Free Trade Agreement (AUSFTA)

The Free Trade Agreement between the United States and Australia (AUSFTA) came into effect on January 1, 2005. AUSFTA eliminated import tariffs on 99% of U.S. manufactured industrial and consumer goods, and 100% of U.S. agricultural products. This has continued to create export opportunities for U.S. manufacturers and farmers. Tariffs on non-U.S. products average 5% or less, with a few exceptions, such as motor vehicles, clothing, and footwear.

Rules of Origin

Goods are classified according to the Harmonized System (HS) for the purposes of tariff categorization. To be eligible for preferential tariff treatment under AUSFTA, products must originate in the United States, that is, be wholly obtained or produced in the United States, or produced in the United States wholly from other originating materials from either Australia or the United States. Goods may also be produced in the United States partly from non-originating materials. The non-originating materials must meet the requirements of rules of origin, which determine the level of source content, and/or the sort of physical transformation required in the production process for the goods. Before claiming preference, local importers are required to ensure that the goods meet the required rules of origin. Australian importers, U.S. exporters, and U.S. producers of goods may obtain advance rulings from Australian Customs regarding importations of goods into Australia. Customs will provide written advice on origin matters through the provision of an Origin Advice (OA). The OA exists to advise Australian importers, U.S. exporters, and U.S. producers on specific issues relating to the origin of their goods for the purposes of determining eligibility for preferential duty rates for goods that Australia imports.

Australian Customs Manual Volume 8C, Division 10, contains information on how Customs administers AUSFTA. This manual is available on the Customs website, <http://www.customs.gov.au>.

Non-Tariff Barriers

In addition to the elimination of tariffs, AUSFTA provides a range of other benefits such as: certain services markets are now open, intellectual property receives better protection, predictable access facilitates investments, and U.S. firms can compete in Australia for government tenders on a nondiscriminatory basis. Some of these relaxations have not yet come into effect. Until such time, existing barriers to a free flow of trade will remain. The agreement does not exclude provisions for local broadcasting content and local content in major defense contracts. The full text of the AUSFTA is available on the Department of Foreign Affairs and Trade website, http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.html

Trade Barriers

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Quarantine

The Australian Quarantine and Inspection Service (AQIS) (<http://www.daff.gov.au/aqis>) is the federal body responsible for enforcing Australia's quarantine regulations, including issuing permits and inspecting shipments.

Australia is a signatory to the WTO "Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures" (April 15, 1994). U.S. exporters, however, may find it difficult to comply with Australia's import quarantine requirements. Aside from issues relating to the importation of food and animals, quarantine measures cover a number of other imported products such as farm, mining and construction machinery, some packaging goods, and other products that may pose a contamination risk to Australia's agricultural industry or natural environment.

The Australian government enforces its quarantine measures very seriously. Importers have little recourse once a shipment encounters quarantine issues.

Machinery imports may require an AQIS-issued import permit. It is a condition of the permit that machinery arrives in a 'clean' (refers to "clean as new") or new state. Australian importers should contact AQIS to determine if they need an import permit. Note: "The classification of machinery as 'new' and 'agricultural' is at AQIS' discretion. For quarantine purposes, new field-tested equipment is classified as 'used machinery,' and will require an Import Permit." AQIS has the power to re-export contaminated machinery. More detailed information relating to the import of machinery can be found at: <http://www.daff.gov.au/aqis/import/vehicles-machinery/regulations>

Packaging of imported goods presents a challenge to U.S. exporters, particularly where the packing materials include wood or other natural products. Detailed information on the compliance requirements can be found at: http://www.aqis.gov.au/icon32/asp/ex_casecontent.asp?intNodId=8880434&intCommodityId=17670

For complete information on products that need to comply with Australia's quarantine regulations, U.S. exporters should check the requirements on the AQIS import condition (ICON) database at <http://www.aqis.gov.au/icon>. Click on ICON Search and enter the commodity name and end use and conduct a "pattern match" search.

Chemical Import Requirements

There are several agencies that deal with importing chemicals to Australia, depending upon the proposed end-use of those chemicals or compounds. The primary agency responsible for chemical imports is the National Industrial Chemicals Notification and Assessment Scheme (NICNAS) - <http://www.nicnas.gov.au>

Other agencies involved in regulating chemical imports include:

- Food Standards Australia New Zealand (FSANZ) - <http://www.foodstandards.gov.au>
- Australian Pesticides & Veterinary Medicines Authority (APVMA) – <http://www.apvma.gov.au>

The Australian importer is responsible for notifying the relevant agency of the chemical it is importing to Australia. The Australian importer may be a local subsidiary of a U.S. firm, an agent, or an end-user. The importer usually completes the required paperwork.

Given the high level of regulation, U.S. exporters should find Australian agents or importers familiar with requirements. NICNAS provides some guidance on the regulation of chemicals in the following brochure:

http://www.nicnas.gov.au/Industry/Compliance/Compliance_Simple_Guide_PDF.pdf

U.S. exporters may also need to ensure that products comply with the Australian Dangerous Goods Code requirements, which are based upon international standards. State-based government health and safety agencies enforce these codes. The codes differ slightly from state-to-state. The following link provides a list of these agencies:

<http://www.emplan.com.au/dangerous-goods/dangerous-goods.htm>

Import Requirements and Documentation

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The Australian Customs and Protection Border Service has sole jurisdiction to clear imports. Local importers are responsible for obtaining formal Customs clearance for goods.

While there are several methods of valuing goods for Customs purposes, the method most frequently applied (transaction value) is based on the price actually paid (or payable) for the imported goods subject to certain adjustments. A major condition for using the transaction value is that there is no relationship between the buyer and seller that may influence the price. Valuation of imported goods can be complex and importers are urged to seek advice from a customs broker or to contact a Customs Information Centre. The Customs Brokers and Forwarders Council of Australia posts a list of members at: <http://www.cbfa.com.au/MembersDirectory.aspx>

Goods entering Australia may incur duty, Goods and Services Tax (GST), and/or additional charges. Customs duty rates vary and depend on a number of factors, such as type of goods and country of origin. As stated above, 99% of U.S.-origin goods enter

Australia duty free. The importer is still responsible for applicable GST payments. (See below.)

Customs does not require companies or individuals to hold import licenses, but importers may need to obtain permits to clear the goods. Further information on permits is contained in the Prohibited and Restricted Imports section at <http://www.customs.gov.au/site/page4369.asp>

The minimum amount of documentation required for Customs clearance comprises a completed Customs Entry or Informal Clearance Document (ICD), an air waybill (AWB) or bill of lading (BLAD), as well as invoices and other documents relating to the importation. Customs does not require the completion of a special form of invoice. Normal commercial invoices, bills of lading, and receipts are acceptable. These documents should contain the following information:

- invoice terms (e.g., FOB, CIF)
- name and address of the seller of the goods (Consignor)
- monetary unit referred to on invoice (e.g. AUD, USD)
- country of origin

Some authorities issuing permits required for import publish brochures/pamphlets about their areas of concern. These agency publications may not, however, always reflect current Customs legislation and procedures as they are often modified. It would be advisable to contact a Customs Information Center to check these issues.

Goods and Services Tax (GST)

The liability to pay a 10% GST for imports rests with the importer. Payment of GST may not be required for temporary importation of goods. Imported, second-hand goods are treated the same way as any taxable goods and are therefore subject to GST. Under the GST, the amount paid or payable for international transport and insurance is also added to the taxable importation value. Further information on GST can be found on the Australian Tax Office Website: <http://www.ato.gov.au>

U.S. Export Controls

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Australia is an active member of the major international arms control treaties and all international export control regimes that seek to monitor and control the global movement of goods and technologies applicable for use in military or weapons of mass destruction programs. This includes items developed either specifically for defense purposes or for civil application that can be adapted for use in arms programs, also referred to as dual-use goods.

A national export control system is the mechanism for ensuring that Australia upholds its international obligations, whilst also maintaining the integrity of its national interests. Australia controls the export of defense and dual-use goods through a comprehensive licensing system established under the *Customs Act 1901* and the *Weapons of Mass Destruction (Prevention of Proliferation) Act 1995* (WMD Act) and associated regulations.

The *Customs (Prohibited Exports) Regulations* 1958 regulates the export of certain goods and technologies, with Regulation 13E providing for the Defence and Strategic Goods List (DSGL).

The Australian Department of Defence is responsible for administering controls on the export of defense and dual-use goods, and the granting of authorizations to export, in the form of permits and licenses. Within the Department of Defence, this role is done by the Defence Export Control Office (DECO).

Further information on the list of regulated goods and technology that cannot be exported from Australia without a license and the procedures for seeking export permission may be found on the DECO website:

<http://www.defence.gov.au/strategy/deco/>

The Australian Customs and Border Protection Service is responsible for border control. Cargo may not leave Australian points of departure without an Export Declaration Number (EDN). Australian Customs issues EDN, based on export data logged by exporters, and checks them electronically against required permits and licenses.

Temporary Entry

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Goods may be brought into Australia on a temporary basis without the payment of duty or taxes for up to twelve months. These goods, referred to as Temporary Imports, are considered temporary according to sections of the Australian Customs Act, or because of entry under a 'carnet.' All temporary imports must be re-exported within the period approved by Customs. The nature of the goods, what they will be used for while they are in Australia, and who is importing them will determine the provisions for which the goods may be eligible. Australia accepts two types of carnets, ATA and CPD carnets (more commonly known as FIA/AIT carnets).

The provisions cover temporary importation of goods owned by tourists and temporary residents. The provisions also include categories such as traveler's samples and goods imported for display at trade fairs. Goods under the provisions of certain international agreements to which Australia has acceded are also eligible for admission. This information can be found in the Australian Treaties Library at:

<http://www.austlii.edu.au/au/other/dfat/>

Copies of normal commercial import documents such as invoices, packing lists, bills of lading or airway bills, quarantine certificates, and other shipping papers should be lodged with the application for temporary entry. Evidence of intended use of the goods should also be included in accordance with the relevant Customs Convention(s).

Labeling and Marking Requirements

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U.S. suppliers should be aware of Australia's rules and procedures regulating the packaging, labeling, ingredients, marketing and sale of specific products, and of general weights and measures.

In general, goods imported in the packages in which they are customarily sold or offered for sale need to be marked with a true description of the goods and the country in which the goods were made. The trade description needs to be applied to the packages in prominent and legible characters. Any additional information applied and/or labeled on the packages must be true and may not contradict or obscure the information required as part of the trade description.

The quantity of a commodity sold in a package must be truly stated on the main display panel of the package, in units of the metric system. The word “net” should always be used when expressing quantity in mass.

The joint Australia New Zealand Food Standards Code requires all packaged food to be labeled with nutritional information on how much fat, protein, energy, carbohydrates, and salt is in the product. Labels must also show the percentage of key ingredients and all of the main ingredients that may cause allergies.

Information on the Food Standards Code (and a nutritional panel example) can be viewed on the website of Food Standards Australia New Zealand (FSANZ), <http://www.foodstandards.gov.au/foodstandards/foodstandardscode/>. Detailed guidance is also available in the Food & Agricultural Import Regulations and Standards (FAIRS) report from the Office of Agricultural Affairs, U.S. Embassy, Canberra, Australia. This report is updated each year. A copy of the latest FAIRS report is available on the following web site: <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx> (search for FAIRS Country Report).

U.S. exporters should work with their Australian importer to ensure that their products comply with Australian Federal and State Government labeling regulations before shipping any product.

Prohibited and Restricted Imports

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Australia has stringent prohibitions and quarantines against a number of products, particularly those considered to be of potential public danger and agricultural products that are considered to have the potential to introduce pests or disease (see section below). Restricted items include drugs, steroids, weapons/firearms, heritage items, food, plants and animals, and protected wildlife. It is important to note that while some items may be imported, their use may be prohibited under individual State laws.

Sanitary and Phytosanitary Restrictions Affecting Imports

Australia has very strict sanitary and phytosanitary restrictions affecting imports of fresh fruit and vegetables and imports of meat and poultry products. Under Australia’s quarantine and inspection process, foreign-grown agricultural commodities must undergo an import risk analysis (IRA) process before they can enter the country. An IRA to determine how and if the risk can be managed will take a minimum of two years to complete. Australia’s “acceptable level of protection” is considered extremely restrictive, making access to the Australian market often difficult, expensive, time-consuming, and in some cases, virtually impossible.

All fresh produce usually needs an Australian import permit and a U.S. phytosanitary certificate. The import permit can be requested (by the importer) from the Department of

Agriculture, Fisheries and Forestry (DAFF) in Canberra, or from the appropriate State Departments of Agriculture, located in the respective State capitals.

When applying for import permits, as much detail as possible should be provided as to where the product is grown and how it is processed, so that the appropriate advice on treatments can be given without having to request additional information from the U.S. exporter.

All meat and poultry products must be accompanied by an Australian Import Permit and appropriate USDA Animal Health Certificate, and must originate from a plant approved for export to Australia.

The Australian Quarantine and Inspection Service (AQIS) maintains a detailed database on their website of import conditions for most agricultural products. Called ICON, the website is: http://www.aqis.gov.au/icon32/asp/ex_querycontent.asp. If a product is not listed in ICON it is highly likely that that product is not permitted entry to Australia at this time. AQIS also maintains a website which provides checklists of the information that is required to accompany permit applications to import biological products (this includes food products). The website is: <http://www.daff.gov.au/aqis/import/biological/checklist>. Both these websites are currently undergoing updates/reviews so it is important that U.S. exporters check the websites regularly to be sure to have the most up-to-date information. It is very important that U.S. exporters rely on these websites only for general information regarding import regulations. Exporters must work with their Australian importer to ensure that ALL requirements are met. The import permit will set out the exact requirements for entry - this can differ markedly from country-to-country and from commodity-to-commodity and even from different regions within a country.

Additional information on Australian requirements for imported packaged food, requirements for animals and animal products, documents for public comment (including import risk analyses), fee schedules, on-line forms, WTO Sanitary & Phytosanitary notifications, etc. is also available on the AQIS website (<http://www.aqis.gov.au>). This information is updated regularly. Guidance on import requirements is also available in the Food & Agriculture Import Regulations & Standards (FAIRS) report mentioned in the Labeling and Marking Requirements section above.

Customs Regulations and Contact Information

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The Australian Customs Service regulates the movement of goods and people across the Australian border. Customs does not scrutinize every transaction relying on clients to self-assess the correctness of transactions. Australian importers are legally responsible for the accuracy of information supplied to Customs, regardless who prepares the documents. Cargo reporters, importers, customs brokers, freight forwarders, depot and warehouse proprietors, financial institutions, information storage facilities, bureau services, owners, stevedores, etc. may be subject to compliance checks conducted by Customs. The importer is also responsible for verification of the country of origin. The U.S. shipper should declare on the commercial invoice "the goods are of U.S. manufacture and comply with AUSFTA".

Penalties apply for non-compliance with Customs legislation, and offences do not require intent to be proven. Information and legislation requirements associated with import and export transactions are extensive. It is the responsibility of importers to

familiarize themselves with the information provided by Customs. All imported goods must be entered in accordance with approved documentation, classified correctly, and any surplus goods reported. Items not ordered, samples, and promotional merchandise must also be entered. All relevant commercial documents must be retained for five years from the date of entry.

Clicking on this link will take you to Customs web site: <http://www.customs.gov.au/> . The site provides extensive information and guidance, some of which was used in the preparation of this section. For more details about information on the Customs web site, email: information@customs.gov.au. Clients can also contact a Customs Information and Support Center on 1300 363 263 from anywhere within Australia, or + 61 2 6275 6666 from outside Australia.

Standards

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Overview

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Australia is a signatory to the GATT/WTO Standards Code. It is common in Australia to use quality standards, such as the ISO 9000 series. Standards Australia, the national standards body, has a Quality Assessment division and can provide a list of companies adhering to the ISO 9000 series.

Australia still has in place various standards that can affect product entry, and while these may require product modifications, they are not insurmountable obstacles to U.S. companies.

Standards Organizations

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Standards Australia is Australia's leading standards development organization. While not a government agency, Standards Australia is recognized as the leading standards development body in Australia. In partnership with SAI Global Ltd., an information services company, it delivers standards and related products to industry.

Standards Australia has more than 70 members, representing groups with an interest in the development and application of standards. It is Australia's representative on the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and the Pacific Area Standards Congress (PASC).

Standards Australia develops and maintains more than 7,000 Australian Standards, and provides input into the development of approximately 18,000 International Standards by ISO and IEC.

Standards Australia has a policy of adopting International Standards wherever possible. This policy is in line with Australia's obligations under the World Trade Organization's Code of Practice, which requires the elimination of technical Standards as barriers to international trade. As a result approximately 33% of current Australian Standards are fully or substantially aligned with International Standards. Areas of industry where no significant International Standards exist include building, construction, and occupational health and safety. Around one third of Australian Standards have no international equivalent.

Imported consumer products, such as food products, must comply with state government packaging regulations. Australian states agree that any non-farm product, including imports, meeting the legal requirements of one state, may be sold in all other states and territories. State agricultural quarantines prohibit interstate trade of some items.

American exporters of food products to Australia will find their product falling under the Australia Food Standards Code (<http://www.foodstandards.gov.au/>). Food Standards Australia New Zealand (FSANZ) developed the code's standards. This is a bi-national independent statutory authority that develops food standards for composition, labeling and contaminants, including microbiological limits, that apply to all foods produced or imported for sale in Australia and New Zealand. In Australia, FSANZ develops standards to cover the entire supply chain for food, from primary producers through manufacturing and processing to delivery and point of sale.

Australian Quarantine and Inspection Service (AQIS), <http://www.daff.gov.au/aqis>, is responsible for enforcing the Standards Code for imported foods.

Both Standards Australia (<http://www.standards.org.au/>) and the National Institute of Standards and Technology (NIST), (<http://www.nist.gov/>) have current information on Australian standards.

Other standards organizations of interest to U.S. exporters are: The Australian Communications and Media Authority (ACMA), the Australian Environmental Protection Agency, and the Therapeutic Goods Administration.

The Australian Communications and Media Authority (ACMA), mandates technical standards relating to items of customer equipment, customer cabling, and other devices. These standards include the Electromagnetic Compatibility Arrangements (EMC) and Electromagnetic Radiation Arrangements (EMR). Before a product covered by the EMC regulatory arrangements can be sold in Australia it must be tested to applicable standards and labeled. The label consists of a mark called "C-Tick" and a unique supplier identification. The C-Tick mark is intended for use on products that comply with EMC standards.

The Australian Environmental Protection Agency, also known as the Australian Government Department of Sustainability, Environment, Water, Population and Communities, develops and implements national policy, programs and legislation to protect and conserve Australia's environment and heritage. Safety-related automotive parts and accessories on a vehicle for environmental compliance (EPA compliant) must adhere to Australian Design Rules and Australian automotive standards as well as environmental compliance from the Australian Environmental Protection Agency. The supply of OE (Original Equipment) automotive parts must adhere to Quality System QS9000, the system adopted in the U.S. by Ford, General Motors, and Chrysler.

The Therapeutic Goods Administration is in charge of issuing approvals for all medical devices and health-related products.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail registration service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Product Certification

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SAI Global provides organizations around the world with information services and solution for managing risk, achieving compliance and driving business improvement.

Accreditation

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The Standards Accreditation Board's role is to review and accredit standards development organizations that wish to develop and publish Australian Standards.

The accreditation process determines the competency of an organization to develop Australian standards. More information about the process by which the

SAB grants accreditation can be found on the Board's website:
<http://www.absdo.org.au/>

Publication of Technical Regulations

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In an agreement with Standards Australia, SAI Global Ltd. is the lead publisher of Australian Standards as well as other standards such as ISO, DIN (German Institute for Standardization), IEC, and Japan Standards Association.

Labeling and Marking

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A number of voluntary and mandatory labels and marks indicating standards conformance are in use in Australia, including international standards such as ISO and IEC. Information about the required labels can be found by contacting the relevant standards organization.

Some electrical products are required to carry an approved energy label. These products include: refrigerators and freezers, clothes washers, dryers, dishwashers, and air conditioners. A larger list is regulated on the basis of minimum energy efficiency levels and includes the preceding list as well as electrical motors and transformers. The National Appliance and Equipment Energy Efficiency Committee, consisting of officials from the Commonwealth, state, and territory government agencies and representatives from New Zealand, is responsible for managing the Australian end-use energy efficiency program.

Trade Agreements

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The U.S.- Australia Free Trade Agreement (AUSFTA)

On January 1, 2005, Australia entered into the Free Trade Agreement with the United States (AUSFTA), providing major benefits for both countries immediately through removal of tariffs, and the phased opening of markets. More information can be found at: http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.html (full text) and http://www.ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Section_Index.html

U.S. companies interested in exporting to Australia can access the document Customs Tariff Schedule 5 U.S. Originating Goods at:
<http://www.customs.gov.au/site/page5663.asp#tariff684>

Other Agreements

The Closer Economic Relations Trade Agreement (ANZCERTA, or CER) is the main instrument that governs economic relations between Australia and New Zealand. It is a comprehensive agreement, prescribing that all bilateral trade and services originating in the two countries is free of tariffs, quantitative restrictions, anti-dumping measures, production subsidies and like measures.

Australia has free trade agreements with:

- New Zealand
- United States of America
- Chile
- Singapore
- Thailand

Australia is negotiating free trade agreements with:

- China
- Gulf Cooperative Council
- Japan
- Malaysia
- Korea
- Trans-Pacific Partnership Agreement
- Pacific Agreement on Closer Economic Relations (PACER) Plus

It is considering free trade agreements with:

- India
- Indonesia

Australia is an active participant in the WTO, making regular submissions to trade negotiation rounds. Australia is a key member of the Asia Pacific Economic Cooperation (APEC) forum, and plays a leading role in promoting trade liberalization among the member economies. Australia exports approximately 70% of its goods and services to APEC economies. Australia is also a leading member of the Cairns Group of 17 agricultural exporting countries.

Web Resources

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AUSFTA – full text: http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.html
<http://www.customs.gov.au/site/page5663.asp#tariff684>

Australia Food Standards Code: <http://www.foodstandards.gov.au/>

Australian Customs: <http://www.customs.gov.au>

Australian Customs Tariff Schedule 5 U.S. Originating Goods: Australian Dangerous Goods Code: <http://www.emplan.com.au/dangerous-goods/dangerous-goods.htm>

Australian Pesticides & Veterinary Medicines Authority (ASPVMA):

<http://www.apvma.gov.au>

Australian Quarantine and Inspection Service (AQIS): <http://www.daff.gov.au/aqis>

AQIS - biological products checklists:

<http://www.daff.gov.au/aqis/import/biological/checklist>

AQIS - ICON: http://www.aqis.gov.au/icon32/asp/ex_querycontent.asp.

AQIS – machinery/vehicles: <http://www.daff.gov.au/aqis/import/vehicles-machinery/regulations>

AQIS – packaging:

http://www.aqis.gov.au/icon32/asp/ex_casecontent.asp?intNodeId=8880434&intCommodityId=17670

Australian Tax Office: <http://www.ato.gov.au>

Australian Treaties Library: <http://www.austlii.edu.au/au/other/dfat/>

Customs Brokers and Forwarders Council of Australia:

<http://www.cbfa.com.au/MembersDirectory.aspx>

Defence Export Control Office (DECO): <http://www.defence.gov.au/strategy/deco/>

FAIRS reports: <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

FSANZ: <http://www.foodstandards.gov.au/foodstandards/foodstandardscode/>

National Institute of Standards and Technology (NIST): <http://www.nist.gov/>

NICNAS:

http://www.nicnas.gov.au/Industry/Compliance/Compliance_Simple_Guide_PDF.pdf

NIST Notification Service: <http://www.nist.gov/notifyus/>

Prohibited and Restricted Imports: <http://www.customs.gov.au/site/page4369.asp>

Standards Accreditation Board: <http://www.absdo.org.au/>

Standards Australia: <http://www.standards.org.au/>

The U.S.- Australia Free Trade Agreement (AUSFTA)

http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.html

http://www.ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Section_Index.html

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Chapter 6: Investment Climate

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Note on Exchange Rate:

Throughout the 2011 Investment Climate Statement for Australia, we have used the exchange rate of A\$1 = US\$1.00, reflecting the most current rate as of January 2011. It should be noted, however, that the exchange rate fluctuated widely over the year.

Openness to Foreign Investment

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Australia welcomes foreign investment. The United States is the largest direct investor in Australia, while Australia is the ninth largest source of foreign direct investment (FDI) for the United States. In 2009, U.S. investment in Australia was A\$514 billion while Australian investment in the United States was A\$404 billion. U.S. FDI in Australia accounts for 23% of total foreign investment in the country and is concentrated largely in resources and energy, manufacturing, and the nonbank financial services sector.

Inward foreign direct investment is regulated by the *Foreign Acquisitions and Takeovers Act 1975* and associated regulations. The Act sets out a number of minimum thresholds under which smaller scale investment proposals do not need approval. Under the Australia-U.S. Free Trade Agreement (AUSFTA), higher (i.e., more favorable) screening thresholds apply to U.S. citizens and corporations than to other foreign entities.

The Foreign Investment Review Board (FIRB), a subdivision of the Australian Treasury Department, reviews investment proposals. Based on advice from the FIRB, the Treasurer can block or impose conditions on proposals that are contrary to the national

interest. The national interest test seeks to ensure that 'investment and sales decisions are driven by market forces rather than external strategic or non-commercial considerations.' All foreign governments and their related entities are required to notify the Australian government and get prior approval before making a direct investment in Australia, regardless of the value of the investment.

Foreign Investment Regulations

There is no restriction on greenfield investment in Australia and acquisitions by U.S. investors up to A\$1,004 million are excluded from review by the FIRB apart from prescribed sensitive sectors, where a A\$231 million threshold applies. To calculate the value of a business or corporation, investors need to consider the value of the total issued shares of a corporation or its total gross assets, whichever is higher.

Thresholds in sensitive areas

- U.S. investors in developed commercial real estate that is valued at A\$1,004 million or more need to notify the FIRB (compared to A\$50 million for non-U.S. investors);
- Total foreign investment in Australian international airlines (including Qantas) is limited to 49%;
- The Airports Act 1996 limits foreign ownership of airports offered for sale by the Commonwealth to 49%, with a 5% airline ownership limit and cross ownership limits between Sydney airport (together with Sydney West) and Melbourne, Brisbane and Perth airports;
- The Shipping Registration Act 1981 requires a ship to be majority Australian-owned if it is to be registered in Australia;
- Aggregate foreign ownership of Telstra is limited to 35% of the privatized equity and individual foreign investors are only allowed to own up to 5%; and
- All investments of 5% or more in the media sector, regardless of the value of the investment, require FIRB approval.

Foreign Investment Policies

Under Australia's Foreign Investment Law, the Foreign Investment Review Board (FIRB) screens potential foreign investments in Australia above a threshold value of A\$231million (\$231million). The FIRB may deny approval of particular investments above that threshold on national interest grounds, although it rarely has done so. The AUSFTA, however, exempts all new U.S. "greenfield" investments from FIRB screening. The AUSFTA also increased the threshold at which U.S. proposals to invest in non-sensitive sectors are screened, from \$A50 million to \$A800 million indexed annually (\$A1,004 million in 2010). Investment proposals made by foreign governments, including by the U.S. government, must be reported to the FIRB.

Takeovers of domestic firms by foreign investors are rarely interfered with and are treated under the same guidelines as any other investment. Occasionally there are strong public reactions to foreign investment proposals, particularly from Chinese state

companies, but these rarely involve U.S. companies. There are no prohibitions on overseas investment or capital repatriation.

As addressed earlier in the “Openness to Foreign Investment” section, the FIRB uses a ‘national interest’ test to examine foreign investment proposals. Proposals are evaluated according to their consistency with existing government policy and law, where these are taken to define important aspects of national interest (for example, competition policy and environmental laws). National security interests and economic development priorities are also considered. The Commonwealth Treasurer ultimately decides whether or not an investment is contrary to the national interest.

The FIRB publishes statistics of proposals to invest in Australia. In 2008-09, 5,352 proposals received foreign investment approval. This compared with 7,841 in 2007-08, representing a decrease of 32%. In 2008-09, three proposals were rejected (all related to real estate purchases) compared with 14 proposals rejected in 2007-08. In the 2008-09 FIRB annual report (the latest available), 5,352 foreign investment proposals received approval, compared with 7,841 in 2007-08, representing a decrease of 32%. The real estate sector recorded 4,827 approvals, representing a decline of 34% on the 7,357 approvals in 2007-08. There was an overall increase in approvals in other sectors in 2008-09 compared with 2007-08, from 484 approvals to 525 approvals, representing an increase of 8%.

Approvals in 2008-09 involved proposed investment of A\$181.4 billion, a 5% decrease on the previous year’s approvals of A\$191.9 billion. Approved investment in real estate was A\$23.4 billion in 2008-09 (compared with A\$45.5 billion in 2007-08), while approved investment in other sectors was A\$158 billion, compared with A\$146.4 billion in 2007-08, representing an increase of 8%.

The mineral exploration and development sector was the largest destination by value, with approved investment in 2008-09 of A\$90.6 billion (A\$64.3 billion in 2007-08). The other major destinations were: services, with approved investment of A\$31.7 billion (A\$35.7 billion in 2007-08); real estate, with approved investment of A\$23.4 billion (A\$45.5 billion in 2007-08); and manufacturing, with approved investment of A\$19.1 billion (A\$31.3 billion in 2007-08).

The United States was the largest source country for foreign investment in 2008-09, involving approved investment of A\$39.6 billion. China (A\$26.6 billion), Japan (A\$22.1 billion), the United Kingdom (A\$20.3 billion), and France (A\$7.5 billion) were the other major source countries of approved investment in 2008-09.

Sector-specific regulation

Media

Foreign ownership of Australian media assets is regulated by the *Foreign Acquisitions and Takeovers Act 1975* and Australia’s *Foreign Investment Policy*. All foreign persons, including U.S. investors, must notify the Australian government and get prior approval to make investments of 5% or more in the media sector, regardless of the value of the investment. The media sector includes daily newspapers, television and radio, as well as including internet sites that broadcast or represent these forms of media.

Civil Aviation

The Australian Government released its National Aviation Policy Statement, or White Paper, on December 16, 2009. The White Paper retained the basic limit of 49% foreign ownership stake in Australia's international airlines, originally set under the Air Navigation Act of 1920 and the Qantas Sale Act of 1992, intended to ensure Australia's airlines remain majority Australian owned and controlled. However, the White Paper proposed the removal of additional restrictions on foreign ownership (i.e. 25% for foreign individual shareholdings and 35% for total foreign airlines shareholdings).

The Government will consider more flexible arrangements for ownership of its airlines, other than Qantas, with governments with which Australia has negotiated Open Aviation Market agreements, [including the United States, which concluded an Open Skies Agreement with Australia in 2008]. In relation to the domestic carrier market, foreign investors can generally expect approval to acquire up to 100% of a domestic carrier (other than Qantas), or establish a new domestic aviation operation, unless this is contrary to the national interest.

Airports: In relation to the airports offered for sale by the Australian Government, the Airports Act of 1996 stipulates a 49% foreign ownership limit, a 5% airline ownership limit, and cross-ownership limits between Sydney airport (including Sydney West) and Melbourne, Brisbane and Perth airports.

Telecommunications

In February 2007, the Australian Government transferred its remaining 17% stake in Telstra into an independent Future Fund, reducing concerns about its conflicting roles as regulator and owner of the dominant operator. The United States remains concerned about foreign equity limits on Telstra, which are still capped at 35% total and up to 5% for individual foreign investors.

In June 2010, Telstra signed a non-binding Financial Heads of Agreement with NBN Company (NBN Co) to participate in the rollout of the Commonwealth Government's National Broadband Network (NBN) initiative. The agreement provides for the decommissioning of Telstra's copper network and cable broadband service and use of Telstra's infrastructure. The transaction would see Telstra progressively migrate its voice and broadband traffic from its copper and cable networks to NBN Co's network, which is to be a neutral provider of broadband services. Other telecommunications companies, such as Optus, will also join the NBN. In December 2010, the Parliament passed legislation to separate Telstra's retail and wholesale arms, with the latter coming under the NBN. The United States will monitor the NBN to ensure that competitors are able to obtain reasonable access to services and customers.

Audiovisual Trade Barriers

Though preexisting Australian-content requirements remained in effect under the AUSFTA, the agreement limited or prohibited their extension to other media or means of transmission. Australia maintains strict domestic content requirements on all free-to-air television programming broadcast between 6:00 a.m. and midnight. Australia's Broadcasting Services Amendment Act requires subscription television channels with significant drama programming to spend 10% (with the FTA allowing flexibility, under

certain circumstances, to increase this up to 20%) of their programming budgets on new Australian drama programs.

The Australian Content Standard of 2005 (still in effect) requires commercial television broadcasters to produce and screen Australian content, including 55% of transmission between 6am and midnight. In addition, there are specific minimum annual sub-quotas for Australian (adult) drama, documentary, and children's programs. In July 2010, the Australian government provided license fee rebates of 25% in FY 2010 and 41.5% in FY 2011 to commercial television broadcasters in order to help them maintain Australian content production.

Radio

The Australian commercial radio industry code of practice sets quotas for the broadcast of Australian music on commercial radio. The code requires that up to 25% of all music broadcast between 6:00 a.m. and midnight be music performed by Australians. In July 2010, the Australian Communications and Media Authority (ACMA) announced registration of a new code that provides temporary exemption for digital-only commercial radio stations (stations not also simulcast in analog) from the Australian music quotas. The exemption will be reviewed in 2013. Since January 2008 all licensees of regional commercial radio broadcasting licences have been required to broadcast minimum levels of local content.

Incentives for Investment

Hundreds of major foreign firms in most industry sectors invest in Australia. The Australian Commonwealth and State Governments offer incentives to multinationals to establish operations in Australia and benefit from Australia's safe and stable business environment and skilled workforce.

Incentives that are available to investors include:

- The Commonwealth Government introduced changes to the tax treatment of research and development (R&D) from July 1, 2010. The system provides a refundable tax credit equal to 45% of expenditure on R&D to companies with an annual turnover of less than A\$20 million. For companies which exceed this threshold, a tax credit equal to 40% of expenditure on R&D will be provided, but is not be refundable. The new policy involves a tightening in the definition of eligible R&D. The aim of the new system is to broaden access to the concession.
- Venture capital tax concessions: Capital gains tax exemptions are available for non-resident investment in Australian venture capital. The exemptions apply to investors from the U.S., the United Kingdom, Japan, Germany, France, and Canada.
- The Invest Australia Supported Skills (IASS) program is designed to encourage international firms to choose Australia as a location for direct investment by providing streamlined immigration arrangements for eligible employees of a company that is considering making a significant or strategic investment in Australia.

- The Green Car Innovation Fund (GCIF) is part of the Government's 'A New Car Plan for a Greener Future' program and provides assistance over ten years, beginning 2009-10, to design, develop, and manufacture low-emission, fuel-efficient cars and components in Australia. The A\$1.3 billion (US\$1.2 billion) fund provides assistance to Australian companies for projects that enhance the research, development, and commercialization of Australian technologies that significantly reduce fuel consumption and/or greenhouse gas emissions of passenger motor vehicles. Grants are provided at a ratio of A\$1 of government funding for every A\$3 of eligible expenditure contributed by the grantee.
- The Tradex Scheme allows an importer to gain an up-front exemption from customs duty and GST on imported goods that are intended for export or to be used as inputs to exports. The goods may be exported in the same condition as imported, subjected to a process or treatment after importation, then exported or incorporated in other goods which are exported. Export may be carried out by the importer or a third party. The goods must be exported within 12 months of importation, although approval can be sought to extend this period.

Conversion and Transfer Policies

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The Australian dollar is a fully convertible currency. The government does not maintain currency controls or limit remittance, loan or lease payments. Such payments are processed through standard commercial channels, without governmental interference or delay.

Expropriation and Compensation

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The Australian legal system is firmly grounded on the principles of equal treatment before the law, procedural fairness, judicial precedent, and the independence of the judiciary. Strong safeguards exist to ensure that people are not treated arbitrarily or unfairly by governments or officials. Private property can be expropriated for public purposes in accordance with established principles of international law. Due process rights are well-established and respected, and prompt, adequate and effective compensation is the norm.

Dispute Settlement

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Australia has an established legal and court system for the conduct or supervision of litigation and arbitration, as well as alternate dispute processes. The traditional approach to commercial dispute resolution involves litigation, arbitration and more modern methods of alternative dispute resolution. Australia is a world leader in the development and provision of non-court dispute resolution mechanisms. It is a signatory to all the major international dispute resolution conventions and has organizations that provide international dispute resolution processes.

Property and contractual rights are enforced through the Australian court system, which is based on English Common Law. There are few investment disputes involving foreign companies. Australia is a member of the International Center for the Settlement of Investment Disputes.

AUSFTA establishes a dispute settlement mechanism for disputes arising under the Agreement. In the first instance disputes are to be settled through consultation between

the parties. Where these consultations are not effective in resolving the dispute, the Agreement provides for an arbitral panel to consider the matter.

The dispute settlement mechanism provides for compensation for breaches of the agreement, which may include requiring the breach to be corrected, trade compensation to be provided, or monetary compensation in lieu of trade compensation. The FTA does not allow private investors to directly challenge government decisions, but individual investors are able to raise concerns about their treatment by the Australian Government with the U.S. Government (or vice versa).

Performance Requirements and Incentives

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As a general rule, foreign firms establishing themselves in Australia are not subject to performance requirements and incentives.

Right to Private Ownership and Establishment

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The common law system which forms the basis of Australian jurisprudence guarantees the right to private ownership and the establishment of private business enterprises.

Protection of Property Rights

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A strong rule of law protects property rights in Australia and operates against corruption. Both foreign and domestically-owned businesses enjoy considerable flexibility in their licensing, regulation, and employment practices.

Transparency of Regulatory System

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Australia subscribes to the 1976 declaration of the Organization for Economic Cooperation and Development (OECD) concerning International Investment and Multinational Enterprises. The instruments cover national treatment and investment incentives and disincentives, and spell-out voluntary guidelines for the conduct of multinational enterprises in member countries. Australia also subscribes to two OECD codes of liberalization, one covering capital movements and the other invisible transactions.

Australia ranked third in 2010 (behind Hong Kong and Singapore) on the Heritage Foundation's rankings for 'economic freedom.' According to this measure, the survey found that Australia ranks highly in the ten economic freedoms and that: "Overall, the Australian economy is well equipped in terms of its structural strength. Monetary stability and openness to global commerce continue to facilitate a competitive financial and investment environment based on market principles. A strong rule of law protects property rights, and corruption is perceived as minimal. Both foreign and domestically owned businesses enjoy considerable flexibility under licensing and regulatory schemes and in their employment practices. Measures to enhance public finance and maintain

long-term fiscal sustainability are focused on achieving better efficiency and effectiveness.”

In 2010, Australia was ranked as the second easiest place in the world to start a business, according to the World Bank. It ranked tenth in terms of 'ease of doing business' ranking, sitting in 10th place and was the sixth easiest place to obtain business credit. The Australian economy recorded 19 years of uninterrupted growth to 2010, despite two global downturns. The 2010 Institute for Management Development (IMD) *World Competitiveness Yearbook* rated the Australian economy the second most resilient in the world. For countries with populations greater than 20 million, Australia ranked first in 2009 and 2010, and has topped this category in eight of the previous nine years.

Australia's rankings in various international governance surveys are given below:

Transparency International corruption rank:	8 th in 2010
Heritage Economic Freedom rank:	3 rd in 2010
World Bank Doing Business rank:	10 th in 2011
World Bank Business Start Up rank:	3 rd in 2010

Efficient Capital Markets and Portfolio Investment

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Australia has a well-developed, deep and sophisticated financial market, regulated in accordance with international norms. In terms of global turnover, Australia's foreign exchange market is the seventh largest in the world, and the Australian dollar/U.S. dollar is the fourth most traded currency pair globally (BIS, Triennial Central Bank Survey, December 2010). Australia's financial system was one of the most resilient throughout the Global Financial Crisis and its four leading banks are currently ranked in the top 12 in the world in terms of financial security and AA rankings. Total assets of Australia's largest banks were US\$2.5 trillion in March 2010 or about twice GDP, according to the Reserve Bank of Australia. Australian banks have one of the lowest non-performing loan ratios of all 97 economies surveyed by the IMF in December 2009. Only 1.1% of Australian bank loans are 'nonperforming.'

Australia has an open and transparent approach to mergers and acquisitions. There are no "cross-shareholding and "stable shareholder" arrangements used by private firms to restrict foreign investment through mergers and acquisitions. Measures used by private firms to defend against hostile takeovers are not focused on foreign investors. In the six months to June 2010, there were 810 M&As in Australia, worth \$44 billion. Overall, Australia's M&A deals ranked the sixth largest in the world with a global market share of 4.1%, after the United States, the United Kingdom, China, Mexico, and Brazil, according to Thomson Reuters.

In 2009, the Australian Stock Exchange (ASX) was the 13th largest in the world and the market capitalization of shares of domestic companies on the ASX was about US\$1.3 trillion, the fourth largest in the Asia-Pacific region. With 2,050 listed companies, the Australian stock market is currently the second largest liquid stock market in the Asia-Pacific (behind only Japan) at US\$936 billion. Australia's financial services sector had assets of more than A\$4.3 trillion (US\$4.3 trillion) in mid-2008, almost four times GDP.

Australia has one of the largest pools of contestable funds under management globally, valued at about A\$1.3 trillion (US\$1.3 trillion) in mid-2008.

The Australian Board of Taxation has released a discussion paper canvassing options for the treatment of collective investment vehicles, as part of a move to encourage non-resident investment and funds management in Australia. The Board of Taxation is seeking to ensure that 'tax arrangements do not create unnecessary or unintended barriers to investment in Australian managed funds' and wants to introduce 'a specific tax regime that would reduce complexity, increase certainty, and minimize compliance costs.'

Competition from State Owned Enterprises

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Private enterprises are generally allowed to compete with public enterprises under the same terms and conditions with respect to markets, credit, and other business operations, such as licenses and supplies. Public enterprises are not generally accorded material advantages in Australia. Almost all state-owned enterprises (SOEs) have been privatized. Remaining SOEs do not exercise power in a manner which discriminates against or unfairly burdens foreign investors or foreign-owned enterprises.

Australian Commonwealth and state governments have followed policies of privatizing their remaining state-owned assets in areas such as electricity generation, transmission, distribution, and retailing. In December 2010, the New South Wales state government announced the sale of three government-owned electricity retailing businesses and the sale of contracts to trade the production of state-owned power stations, to both domestic and foreign investors. Similarly, the Queensland state government is proceeding with the sale of railway assets used to transport natural resource exports (particularly coal) to its ports. In December 2010, the Parliament passed legislation to separate Telstra's retail and wholesale arms, with the latter coming under the NBN, which will be a government-owned enterprise until it is later privatized.

Sovereign Wealth Fund

Australia has one sovereign wealth fund, the Future Fund, which was established by the Future Fund Act 2006 to help future governments meet the cost of public sector superannuation (i.e., retirement pension) liabilities by delivering investment returns on contributions to the Fund. Investment of the Future Fund is the responsibility of the Future Fund Board of Guardians with the support of the Future Fund Management Agency.

The Board and Agency also invest the assets of the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund which were established by the Nation-building Funds Act 2008. As of end-September 2010, the Future Fund had assets of A\$69.3 billion (includes telecom giant Telstra shares valued at A\$3.4 billion). There is no regulation prescribing the proportion of the Future Fund's assets which must be invested in Australia or offshore. The Future Fund intends to gradually increase its foreign exposure, but most funds are currently invested in Australia.

Corporate Social Responsibility

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In Australia, there is a general awareness of corporate social responsibility among both producers and consumers. Both foreign and local enterprises tend to follow generally accepted CSR principles such as the OECD Guidelines for Multinational Enterprises. Firms that pursue CSR are often rated highly in surveys of corporate behavior.

Political Violence

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As in all liberal democracies, political protests (e.g., rallies, demonstrations, marches, public conflicts between competing interests) form an integral, though generally minor, part of Australian cultural life. Such protests rarely degenerate into violence.

Corruption

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Australia maintains a thorough system of laws and regulations designed to counter corruption. In addition, the government procurement system generally is transparent and well regulated, thereby minimizing opportunities for corrupt dealings. Accordingly, corruption has not been a factor cited by U.S. businesses as a disincentive to investing in Australia, or to exporting goods and services here. Non-governmental organizations interested in monitoring the global development or anti-corruption measures, including Transparency International, operate freely in Australia. Australia is perceived internationally as having low corruption levels. Transparency International's Corruption Perception Index 2010 ranked Australia eighth, ahead of the United Korea, Japan and the United States in terms of nations perceived as having low levels of corruption.

Australia is an active participant in international efforts to end the bribery of foreign officials. Legislation to give effect to the anti-bribery convention stemming from the OECD 1996 Ministerial Commitment to Criminalize Transnational Bribery was passed in 1999. Legislation explicitly disallowing tax deductions for bribes of foreign officials was enacted in May 2000. At the Commonwealth level, enforcement of anti-corruption laws and regulations is the responsibility of the Attorney General's Department.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of

corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:

<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>)

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see http://www.coe.int/t/dghl/monitoring/greco/default_en.asp)

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at <http://www.trade.gov/cs/>.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs.

Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at http://tcc.export.gov/Report_a_Barrier/index.asp

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at: <http://www.justice.gov/criminal/fraud/fcpa/>

Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2010. TI also

publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTECARE/GTOPANTCOR/0,,contentMDK:20720934~pagePK:34004173~piPK:34003707~theSitePK:704666,00.html> or copy <http://go.worldbank.org/RQQXYJ6210> into your browser to connect.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/reports-results?fq=report%3Bissues%3A%22Global%20Enabling%20Trade%22>
Additional report titles can be found here: <http://www.weforum.org/reports>
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>

Bilateral Investment Agreements

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The Australian Government supports the negotiation of comprehensive Free Trade Agreements (FTAs) that are consistent with the World Trade Organization rules and guidelines and which complement and reinforce the multilateral trading system. Australia has FTAs with the United States, Thailand, Singapore, Chile, and a multilateral FTA with New Zealand and the countries of the Association of Southeast Asian States (ASEAN), all of which contain chapters on investment.

Australia-United States FTA (AUSFTA)

The Australia-United States FTA (AUSFTA) entered into force on January 1, 2005. AUSFTA is a comprehensive agreement that covers goods, services, investment, financial services, government procurement, standards and technical regulations,

telecommunications, competition-related matters, electronic commerce, intellectual property rights, labor and the environment. The agreement has guaranteed U.S. access to the Australian market and the gradual expansion of this access. Under the FTA, trade in goods and services as well as foreign direct investment has continued to expand. More than 99% of U.S. exports of manufactured goods are now duty-free. The FTA will also eliminate tariffs within 10 years of entry into force on textiles.

Other Bilateral Free Trade Agreements

Australia signed a free trade agreement with the Association of Southeast Asian Nations and New Zealand, which became effective in January 2010. ASEAN and New Zealand together account for 15% of Australia's total trade in goods and services, which were worth A\$504 billion in 2009. The Singapore-Australia Free Trade Agreement (SAFTA), which became operational on 28 July 2003, eliminated most tariffs and increased market access for services. It also harmonized competition policy, government procurement, intellectual property, e-commerce, customs procedures, and business travel. The Thailand-Australia FTA cut tariffs to zero on virtually all goods from January 2010. The Australia-Chile FTA will result in the immediate reduction of tariffs on 97% of goods currently traded. Tariffs on all existing merchandise trade between Australia and Chile will be eliminated by 2015.

Australia is currently negotiating agreements with South Korea, the Gulf Cooperation Council (GCC), Malaysia, ASEAN, China, and Japan, all of which are expected to include investment liberalization. Australia is participating in negotiations for a Trans-Pacific Partnership Agreement (TPP). The TPP will expand on the current Trans-Pacific Strategic Economic Partnership Agreement between Brunei Darussalam, Chile, New Zealand and Singapore, which entered into force in 2006. The United States, Vietnam, Malaysia and Peru have joined the TPP negotiations.

In addition, Australia has completed FTA Feasibility Studies with both Indonesia and India. In August 2009, Australia began negotiations with the other members of the Pacific Forum towards a Pacific Agreement on Closer Economic Relations (PACER) Plus. In November 2010, Australia and Indonesia began to negotiate an Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA).

OPIC and Other Investment Insurance Programs

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The Australian Government provides assistance to business for the development or expansion of export markets, and business advice on exporting and financial grants through the Export Market Development Grants scheme and the activities of Austrade, Australia's export promotion agency. The Export Finance and Investment Corporation provides export financing assistance to Australian businesses and, in some cases, overseas buyers. The U.S. Overseas Private Investment Corporation (OPIC) does not extend coverage to Australia, which is not a high-risk or developing country.

Labor

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Australia's unemployment rate was 5.0% in December 2010, seasonally adjusted, down from 5.6% a year earlier. In the year to August 2010, annual average weekly earnings in Australia grew 4.1%, seasonally adjusted. The core inflation rate was 2.4% for the year to September 2010. Real wages have grown strongly over the last decade and the mining boom has led to skills shortages in that sector, particularly in Western Australia.

The Fair Work Act provides a safety net of enforceable minimum employment terms and conditions through the National Employment Standards (NES). The NES sets out 10 minimum workplace entitlements which apply to all employers and employees in the national workplace relations system, though only certain entitlements apply to casual employees. In 2010, a new body, Fair Work Australia, took over the functions of the former Industrial Relations Commission as an arbitrator of industrial disputes and sets minimum wages for low paid workers.

The number of industrial disputes is low by historical standards. In the year ended September 2010, 144 working days per thousand employees were lost due to strikes; compared to 119 during the previous year. During the year ended September 2010, 221 industrial disputes were recorded; compared to 202 during the previous year.

Other Commonwealth laws set specific employment conditions. The Superannuation Guarantee (Administration) Act 1992 requires employers to contribute a minimum of 9% of each employee's base salary into that employee's superannuation (i.e., retirement pension) account. Employees may make additional contributions and are entitled to choose their superannuation fund.

In 2001, the Government established the General Employees Entitlements Redundancy Scheme (GEERS), a taxpayer-funded insurance scheme, in response to growing community concerns about the loss of employee entitlements after several companies collapsed. GEER is a basic payment scheme established to assist employees who have lost their employment due to the liquidation or bankruptcy of their employer and who are owed certain employee entitlements. The scheme covers capped unpaid wages, annual and long-service leave, capped payment in lieu of notice, and capped redundancy pay. Employees currently stand ahead of unsecured creditors, but behind lenders with fixed security in the creditors' queue following a company collapse. The Australian Government is a party to all International Labor Organization (ILO) conventions.

The 457 Long Stay Business visa

If an overseas business decides to establish a presence in Australia and relocate for its business operations, it may apply for the status of a Business Sponsor and sponsor personnel for a 457 visa through the Department of Immigration & Citizenship (DIAC). In 2009, the government made changes to the uncapped visa program covering employer-sponsored temporary foreign workers (457 visa program). These included introducing a market-based minimum salary for all new and existing 457 visa holders; developing minimum skills requirements that meet Australian standards; and increasing the minimum English language requirement.

General Skilled Migration Program

On July 1, 2011, Australia will introduce a new points-based system for the General Skilled Migration (GSM) category, which includes several of the country's permanent

residence programs that do not require employer sponsorship. GSM applicants who file applications on or after July 1 will be judged against the new points-based test, which generally focuses on selecting highly-skilled individuals to meet labor market demand. The Australian Department of Immigration and Citizenship announced the new system on November 11, 2010.

Under the new system, greater weight will be placed on higher-level education qualifications from overseas-approved and recognized universities. Under the current system, only Australian education qualifications can earn points. Applicants who have completed tertiary studies in Australia will be eligible to claim additional points. Further points may be earned if the applicant's studies were completed at regional campuses. The Australian government is expected to promulgate legislation to support and implement the new points-based test by July 1, 2011.

Foreign-Trade Zones/Free Ports

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Australia does not have free trade zones.

Foreign Direct Investment Statistics

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Levels of Foreign Investment

The level of foreign investment in Australia increased by A\$136 billion (US\$136 billion) in 2009 to reach A\$1,898 billion (US\$1.9 trillion). Portfolio investment accounted for A\$1,098 billion (US\$1,098 billion or 58%), direct investment for A\$436 billion (US\$436 billion or 23%), other investment liabilities for A\$285 billion (US\$285 billion or 15%), and financial derivatives for A\$79 billion (US\$79 billion or 4%). Of the portfolio investment liabilities, debt securities accounted for A\$729 billion (US\$729 billion or 66%) and equity securities for A\$369 billion (US\$369 billion or 34%).

The leading investor countries in 2009 by level of investment were the United States, with A\$514 billion (US\$514 billion or 27%), the United Kingdom with A\$499 billion (US\$499 billion or 26%), Japan with A\$102 billion (US\$102 billion or 5%), Hong Kong Special Administrative Region with A\$43 billion (US\$43 billion or 2%), the Netherlands with A\$43 billion (US\$43 billion or 2%), and Germany with A\$38 billion (US\$38 billion or 2%).

Note: Australian foreign investment statistics are based on current market values. Foreign direct investment (FDI) into Australia in 2009 was valued at A\$136 billion on a flow basis; and the level of FDI in 2009 was A\$1,898 billion. Australian GDP in 2009 was A\$1,292 billion, so that the ratio of FDI inflows to GDP in 2008 was 10.5%. The ratio of the stock of FDI to GDP in 2009 was 146.9%.

There is no official listing of major foreign investments by U.S. companies or other nations' companies. The Australian Bureau of Statistics collects this information, but does not release it on a disaggregated basis due to confidentiality provisions in the legislation governing its activities. A list of major new resources and energy projects,

which often involve significant foreign investment, is compiled by the Australian Bureau of Agricultural and Resource Economics.

Australian Investment Abroad

The level of Australian investment abroad reached A\$1,130 billion (US\$1,130 billion) in 2009, an increase of A\$74 billion (US\$74 billion) on the previous year. Direct investment abroad accounted for A\$345 billion (US\$345 billion or 31%), portfolio investment for A\$430 billion (US\$430 billion or 33%), other investment for A\$220 billion (US\$220 billion or 19%), reserve assets for A\$45 billion (US\$45 billion or 4%), and financial derivatives for A\$90 billion (US\$90 billion or 8%). Equity has been the main form of Australian investment abroad during the past decade. At A\$584 billion (US\$584 billion), equity represented 52% of the total level of investment in 2009.

The leading destination country in 2009 was the United States, which accounted for A\$404 billion (US\$404 billion) or 36% of the stock of Australian investment abroad. Other major countries of investment were the United Kingdom with A\$179 billion (US\$179 billion, 16%), New Zealand with A\$80 billion (US\$80 billion, 7%), Canada with A\$37 billion (US\$37 billion, or 3%), Japan with A\$32 billion (US\$32 billion, or 3%), France and Hong Kong with A\$28 billion each (US\$28 billion, 2%), and the Netherlands with A\$26 billion (US\$26 billion or 2%).

Investment Inflows

Foreign investment in Australia recorded a net inflow of A\$159.5 billion (US\$159.5 billion) for 2009, an increase of A\$12 billion (US\$12 billion) over the previous year. The leading investor countries were the United States with A\$93.8 billion (US\$93.8 billion) or 58.8%, the United Kingdom with A\$34.0 billion (US\$34.0 billion) or 21.3%, the Netherlands with A\$12.9 billion (US\$12.9 billion) or 8.1%, Japan with A\$11.4 billion (US\$11.4 billion) or 7.1% and Switzerland with A\$9.1 billion (US\$9.1 billion) or 5.7%.

Investment Outflows

Australian investment abroad recorded a net outflow of A\$104.2 billion (US\$104.2 billion) for 2009, an increase of A\$11.5 billion (US\$11.5 billion). The leading destination countries were the United States with A\$74.5 billion (US\$74.5 billion) or 70.8%, Germany with A\$13.3 billion (US\$13.3 billion) or 12.6%, France with A\$8.8 billion (US\$8.8 billion) or 8.4%, and New Zealand with A\$5.5 billion (US\$5.5 billion) or 5.2%.

Policies on legal corporate status

As a general rule, foreign firms establishing themselves in Australia are accorded national treatment. They do not have to seek government permission to establish and own businesses unless their proposed activity meets tests established in law and regulation that trigger notification or review by the FIRB. FIRB requirements are a matter of public record and are available upon application to FIRB.

Tax Policy

Taxation policy generally allows the efficient mobilization and allocation of investment, although there are a number of differences between the United States and Australian tax

systems that have potential implications for business. Businesses are advised to seek counsel from accounting and law firms which are familiar with the tax policies of both countries. Companies are subject to tax at a rate of 30% of their taxable income (assessable income less allowable deductions). Repatriation of profits can generally be undertaken at any time as there are no foreign exchange controls on such repatriation. Dividends paid to foreign shareholders are subject to withholding tax at a rate of 10%. The government passed legislation which will progressively reduce the withholding tax rate on specified distributions from managed funds from 30% to 7.5% by 2010-2011.

The Australian Taxation Office and the Internal Revenue Service have a simultaneous audits agreement to investigate suspected non-compliance with tax laws of both countries. The U.S.-Australia Double Taxation Treaty affects business investment between the two countries. The Treaty, effective since 1983, applies to U.S. federal income tax, excluding accumulated earnings tax, personal holding company tax, and Australian income tax. Separate agreements apply to gift and estate taxes.

Australia and the United States revised the Treaty in September 2001 to provide a competitive tax treaty for companies located in Australia by reducing the rate of dividend withholding tax on U.S. subsidiaries and branches of Australian companies. The treaty revision also prevents double taxation of capital gains derived by U.S. residents from interests in Australian entities while retaining Australian taxation rights. The Controlled Foreign Corporation and Controlled Foreign Trusts legislation provides for taxing income that accrues to corporations or trusts, arranged after residency is established.

Web Resources

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Council of Europe (CoE) Criminal Law Convention:

http://www.coe.int/t/dghl/monitoring/greco/default_en.asp

Foreign Corrupt Practices Act: <http://www.justice.gov/criminal/fraud/>

OAS Convention : <http://www.oas.org/juridico/english/Sigs/b-58.html>

OECD Antibribery Convention: <http://www.oecd.org/dataoecd/59/13/40272933.pdf>

Office of the Chief Counsel: http://www.ogc.doc.gov/trans_anti_bribery.html

Trade Compliance Center: http://tcc.export.gov/Report_a_Barrier/index.asp

UN Anticorruption Convention:

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

U.S. Department of Commerce – Commercial Service: <http://www.trade.gov/cs/>

U.S. Department of Justice: <http://www.justice.gov/criminal/fraud/fcpa/>

U.S. Free Trade Agreements: <http://www.ustr.gov/trade-agreements/free-trade-agreements>

Anti-corruption resources:

<http://report.globalintegrity.org/>

<http://www.justice.gov/criminal/fraud/fcpa>

<http://www.oecd.org/dataoecd/11/40/44176910.pdf>

http://www.ogc.doc.gov/trans_anti_bribery.html

<http://www.state.gov/g/drl/rls/hrrpt/>

http://www.transparency.org/policy_research/surveys_indices/cpi/2010

<http://www.transparency.org/publications/gcr>.

<http://www.weforum.org/reports>

http://info.worldbank.org/governance/wgi/sc_country.asp

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTECAREGTOPANTCOR/0,,contentMDK:20720934~pagePK:34004173~piPK:34003707~theSitePK:704666,00.html>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Australia has a wide range of export financing options available. A few basic tools are described below. Each U.S. company should choose the option that is favorable to both transacting parties. We recommend consulting the international services division of a U.S. or Australian financial institution for a more complete description and recommendations regarding the best option for a given transaction.

Cash in Advance: The exporter demands cash in advance before exporting. From the buyer's perspective, this is the least popular method. A U.S. exporter requiring cash in advance lowers his risk but potentially reduces his competitive position. Modified forms of this method (e.g. deposit with progress payments) are normally used for custom-built equipment or other unique products.

Letters of Credit: These documents substitute credit issued from the buyer's bank. In the case of Confirmed Irrevocable Letters of Credit, the confirming bank is guaranteeing payment by the issuing bank. A Letter of Credit (L/C), however, includes terms and conditions that the exporter must perform to receive payment. This is a very secure form of payment and is frequently used for new or unknown clients, where there is a higher risk of nonpayment. Offering more flexibility, and not as onerous as Cash in Advance, Letters of Credit still represent an obligation on the Australian importer's credit line, and will incur bank fees.

Commercial Bills of Exchange: These bills of exchange (sight and time drafts and cash against documents) are processed through the banks of both parties involved in the transaction. Like a L/C, banks do not guarantee payment or release shipping documents until both parties meet the terms of the exchange.

This method carries higher risk than Letters of Credit, as the importer may refuse to pay. The exporter should obtain credit references or have long-standing relationships with the importer before offering this form of financing. Importers prefer this method because it does not affect their cash flow or tie up commercial credit lines. These advantages to the importer have made it one of the most widely-used forms of trade financing.

The majority of Australian imports from the U.S. allow payment terms from 30 to 180 days from the date of the shipping documents. This method carries the greatest risk to the exporter but is the most attractive to the importer.

How Does the Banking System Operate

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The four largest retail banks in Australia are Westpac Banking Corporation, Commonwealth Bank, Australian New Zealand Bank (ANZ), and National Australia Bank (NAB). These are four of the ten global banks that carry AA ratings. Nevertheless, trade finance liquidity is an issue here as in the rest of the world.

While the banking system in Australia is reliable and transparent, there are structural and operational differences from the American system. Historically, Australian banks have not operated under the restrictions that limited U.S. bank operations between 1933 and the repeal of the Glass-Steagall Act. In Australia, the distinction between retail banks and investment banks has become increasingly blurred.

The Australian banking system is undergoing progressive deregulation and privatization. Foreign banks are allowed to enter the financial market. Retail banks, in general, now provide a wider range of financial services, including: life and general insurance, stock brokering, and security underwriting to retail customers, in addition to making corporate and consumer loans. This places them in competition with brokerage houses and merchant banks.

The Australian Government permits non-Australian banks to operate as branches to serve the wholesale market. Banking regulations, however, only allow retail banking activities through a locally-incorporated subsidiary.

The Reserve Bank of Australia (RBA) sets monetary policy and regulates the payment system. The Australian Prudential Regulation Authority (APRA) oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies (co-ops), and most members of the superannuation industry. APRA currently supervises institutions holding approximately USD3.6 trillion in assets for 21 million Australian depositors, policyholders, and superannuation fund members (<http://www.apra.gov.au>).

Foreign-Exchange Controls

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Australia does not restrict the flow of currency into or out of the country. There are, however, cash reporting obligations under the Cash Transaction Reports Act (CTRA). To control tax evasion and money laundering, the Australian Transaction Reports and Analysis Center (AUSTRAC) must receive reports of international currency transfers of AUD10,000 or more. AUSTRAC does not inhibit normal currency transfers associated with international trade.

The Australian dollar is freely convertible. International supply and demand determines exchange rates. Official policy is not to defend any particular exchange rate level. Reserve Bank intervention is minimal and occurs only to moderate extreme foreign exchange market volatility. Only authorized foreign exchange dealers, including trading banks and most merchant banks, make foreign exchange transactions. There are no specific restrictions regarding the remittance of profits, dividends, or capital.

Please see Web Resources for a list of American and Australian banks and financial institutions.

In Australia, many national and international financial management companies provide the complex financial structuring services required to fund projects, using the most competitive package available for a particular project. Long-term debt financing is available from a variety of sources and methods. These include:

- Banks
- Retail investors
- Government loans
- Export credit agencies
- Credit enhancement agencies
- Bonds
- Formation of national and international banking consortia
- BOOT (build, own, operate and transfer)
- Direct investment by local and international companies
- Loan syndicates
- Joint ventures

Project financing includes finance from non-participants (i.e., loan funds by financial institutions) and finance provided by participants (that is, shares in a stock company), as well as a host of hybrid arrangements. U.S. companies participate actively in all types of project financing in Australia.

Traditionally, banks have provided project finance term debt and currently are the only source of project credit. While other sources might fund project loans, funding is undertaken only on the basis of bank credit enhancement, through a bank guarantee or letter of credit. The development of new and innovative funding mechanisms are a key element in financing projects and infrastructure development, as public projects at the federal, state and local levels become available for privatization.

The major trading banks have dominant ownership of the major finance companies, which control about 75 percent of the total assets of the industry. Commercial banks are the major source of medium-term loans. A wide range of merchant banks operate in Australia, many of which are associated with some of the world's largest financial institutions. They also provide short-to-medium term funding.

Venture capital is usually available from management and investment companies, which are funded by tax-deductible capital subscriptions. Other alternatives include: obtaining funds from finance companies (including leasing arrangements), building societies, credit cooperatives or unions, insurance companies, pension and superannuation funds, and cash management trusts.

The larger finance companies obtain their funds mainly by public issues of debentures and unsecured notes, with terms of up to five years. Syndicated lending by Australian and overseas banks provides long-term financing. A specialized market exists for direct borrowing and lending on an unsecured basis between large, well-established companies. Factoring of book debts can be arranged with finance companies, but it is not a widespread practice.

Unlike their U.S. counterparts, Australian banks are free to participate in virtually all forms of financial services, including overdrafts (a traditional form of borrowing), fixed-term loans, commercial bills of exchange, letters of credit, domestic and international debt and equity issues, underwriting, leasing, and Eurocurrency borrowing. A wide range of non-bank institutions also provide financial services.

Several U.S. Government agencies, as well as state and local bodies, offer programs to assist U.S. exporters with their financing needs. Some are guarantee programs that require the participation of an approved lender; others provide loans or grants to the exporter, or to a foreign government. Many of these financing and guarantee programs apply only to high-risk or developing countries. Therefore, most business dealings with Australia do not qualify for coverage.

The Export-Import Bank of the United States (Ex-Im Bank), the United States Government's trade finance agency, offers numerous programs to finance and facilitate U.S. exports through loans and provides guarantees and insurance for loans from commercial sources. Although Australia participates in Ex-Im Bank programs for major projects, such as commercial aircraft sales, there is relatively little Ex-Im Bank activity in Australia.

Other organizations fill various market niches. A group of large banks owns the Private Export Funding Corporation (PEFCO), which makes Ex-Im Bank-guaranteed loans to foreign purchasers of U.S. goods. The U.S. Department of Agriculture offers a variety of programs to foster agricultural exports. The U.S. Small Business Administration addresses the international trade needs of small U.S. exporters.

Because Australia is an industrialized country and a donor nation to the multilateral development banks (MDBs), lending institutions such as the World Bank and the Asian Development Bank do not operate here. Like other prosperous countries, Australia has a large pool of private funding available for debt financing of projects.

World Bank and Asian Development Bank's support for development projects in the developing countries of Asia provides opportunities for American/Australian consortia to compete for MDB-funded contracts. Australian companies often have established relationships in the region and are in a strong position, when teamed with U.S. companies, to offer very competitive bids and performance qualifications.

Web Resources

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Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html
Export-Import Bank of the United States: <http://www.exim.gov>
OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>
SBA's Office of International Trade: <http://www.sba.gov/oit/>
USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>
U.S. Agency for International Development: <http://www.usaid.gov>

Adelaide Bank Ltd: <http://www.adelaidebank.com.au>
AMP Bank: <http://www.amp.com.au>
Australia and New Zealand Banking Group Limited (ANZ): <http://www.anz.com>
Australian Prudential Regulation Authority: <http://www.apra.gov.au>
Australian Transaction Reports and Analysis Center: <http://www.austrac.gov.au/>
Bank of America NA: <http://www.bankofamerica.com>
Bank of Queensland Ltd: <http://www.boq.com.au>
BankWest <http://www.bankwest.com.au/>
Bendigo Bank Ltd: <http://www.bendigobank.com.au>
BT Financial Group: <http://www.btfunds.com.au>
Citibank Australia: <http://www.citibank.com.au>
Commonwealth Bank of Australia: <http://www.commbank.com.au>
Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html
Export-Import Bank of the United States: <http://www.exim.gov>
JP Morgan Australia Pty Ltd: <http://www.jpmorgan.com.au>
Macquarie Bank Ltd: <http://www.macquarie.com.au>
Merrill Lynch Australasia: <http://www.ml.com>
Morgan Stanley Australia Limited: <http://www.morganstanley.com>
National Australia Bank Limited: <http://www.national.com.au>
OPIC: <http://www.opic.gov>
SBA's Office of International Trade: <http://www.sba.gov/oit/>
State Street Bank and Trust Company: <http://www.statestreet.com>
St. George Ltd: <http://www.stgeorge.com.au>
Suncorp-Metway Ltd: <http://www.suncorpmetway.com.au>
U.S. Trade and Development Agency: <http://www.tda.gov/>
USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>
U.S. Agency for International Development: <http://www.usaid.gov>
Westpac Banking Corporation: <http://www.westpac.com.au>

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Business Customs

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Conducting business in Australia is relatively easy for American companies because the language, cultural environment, business practices, and customer expectations are similar. Australians pay attention to advance planning, promptness, follow-up, and are generally direct in their business dealings. They typically conduct business on a first-name basis and exchange business cards for information purposes, but without any special ceremony. Token gift exchange is not common; however, luncheon and breakfast meetings are common. Australians do not typically schedule business functions on weekends. Business attire is the norm for the cities, and country/rural areas are slightly more informal.

Travel Advisory

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For State Department travel warnings, please visit:
http://travel.state.gov/travel/travel_1744.html

For additional State Department information on Australia, please visit:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_954.html

Visa Requirements

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Americans traveling to Australia for business and/or leisure must hold a valid U.S. passport and either a visa or an Electronic Travel Authority (ETA). ETA's are available via the Internet (<http://www.eta.immi.gov.au>), and from participating U.S. travel agents and airlines when making travel arrangements. There is an A\$20 service fee for each ETA application. The Australian Embassy maintains a list of participating travel agencies that can arrange for Americans to obtain ETA's. U.S. citizens traveling to Australia should note that they can only obtain the ETA in the United States.

Americans can apply to Australian Embassies, High Commissions, and Consulates for a visa. For the location of the nearest Australian diplomatic facility, please refer to: <http://www.immi.gov.au/contacts/overseas/index.htm>

Requirements for work and resident visas are more stringent. Americans should contact the nearest Australian visa office well in advance of travel.

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy in Australia Website: <http://canberra.usembassy.gov/visas.html>

Telecommunications

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Australia's telecommunications infrastructure is excellent and telecom services are relatively inexpensive. Services to businesses include: Internet access, ISDN, voice messaging, and facsimile. Phone cards are commonly used in Australia and can be purchased at numerous retail outlets.

Australian telecommunications providers include: Telstra, Optus, Vodafone, Virgin, and Orange. They have converted their customers to 3G networks. Cellular phone rentals are available at the airport and in the major city centers. You will need to make prior arrangements with your communications carrier or service provider to ensure you are able to use your cellular phone in Australia. You should also make sure your phone equipment can operate in Australia. Power voltage is 240 volts/50Hz. 3G wireless data plans are available and relatively inexpensive. Telstra's network covers virtually all of Australia.

Internet access is widely available at airports, hotels, and Internet cafés. There are many Wi-Fi hotspots in the central business districts (CBDs) of the biggest cities. Facsimile services are also available for public use in post offices, hotels, and some news agencies.

For more information on telecommunications in Australia, see the Australian Communications and Media Authority website at <http://www.acma.gov.au>

Transportation

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It is a 14-hour non-stop flight from the West Coast of the United States (San Francisco or Los Angeles) to the East Coast of Australia (Sydney, Melbourne, or Brisbane). Several international airlines including Delta Air Lines, Hawaiian Airlines, United Airlines, Qantas Airways, V Australia, Air New Zealand, and Air Pacific fly this trans-pacific route. Most flights depart from the United States late in the evening and arrive in Australia early morning, with a day lost at the International Date Line. Travel to or from Asia, Europe, the Middle East, South America, and South Africa from Australia is also convenient.

Frequent interstate flights connect the five major Australian cities. The major airlines servicing domestic routes include Qantas Airways, Virgin Blue, and Jetstar Airways. Discounts may be available on domestic airfares when purchased in conjunction with international tickets. Australia has an extensive and efficient domestic transportation system, including air, rail, coach, and sea services.

Australians drive on the left side of the road. Major U.S. and Australian car rental agencies operate throughout the country. Reservations are available through airports, hotels, travel agents, or directly, using a credit card and a U.S. or international driver's license.

Public transportation is well developed throughout urban areas. Convenient bus, rail, and air services are available between cities and country towns.

International Air Travel Times

Los Angeles to Sydney - 14 hrs

New York to Sydney (via Los Angeles and San Francisco) - 21 hrs

Honolulu to Sydney - 9 hrs

Tokyo to Sydney - 9 hrs

Hong Kong to Sydney - 9 hrs

Singapore to Sydney - 8 hrs

Air Travel Times Within Australia

Sydney to Melbourne - 1 hr

Sydney to Brisbane - 1 hr

Sydney to Perth - 4 hrs

Sydney to Canberra - 35 mins

Melbourne to Brisbane - 2 hrs

Melbourne to Perth - 4 hrs

Brisbane to Perth - 6 hrs

Language

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Australia is an English-speaking country.

Health

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Australia has no notable health risks and public tap water is safe to drink. There are active campaigns to encourage the population to protect themselves from sun exposure and HIV/AIDS. Medical and dental services, and all types of health facilities, are comparable with those in the United States. Visitors can easily receive medical attention, but may be required to pay for services immediately, either by cash or credit card.

Local Time, Business Hours, and Holidays

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Australia has three time zones: Eastern, Central, and Western. Not all Australian states observe daylight saving time and the dates for the switch to and from daylight savings

time varies. To check the current time in Australia, refer to:
<http://www.timezoneconverter.com/>

Office business hours are generally between 9:00 am-5:00 pm, Monday through Friday. Most shops in major city centers are open on Saturday and Sunday and at least one night a week for evening trading. Banks are open to the public from 9:00 a.m. to 4:00 p.m., Monday through Friday, with 7-day/24-hour ATM service. Restaurants and convenience stores are typically open for extended hours.

Australians generally take annual vacation in December and January, combining Christmas/New Year with the school summer vacation period. Consequently, business slows down and it may be difficult to schedule business appointments during this time. Business travelers should ascertain whether their contacts are available during this period before scheduling trips to Australia.

A list of Public Holidays in Australia can be found at:
<http://www.buyusa.gov/australia/en/283.html> (as of March 2011 this site can be found at:
<http://www.export.gov/australia>

Temporary Entry of Materials and Personal Belongings

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Certain goods may be brought into Australia on a temporary basis for a period of up to 12 months without the payment of duty or taxes. These goods are referred to as temporary imports. Approval for temporary imports is granted under Section 162 or Section 162A of the Customs Act 1901.

Goods that qualify as temporary imports may also be imported under carnet, where a security is lodged with a carnet issuing body overseas, or under security, where a security is lodged with the Australian Customs Service (Customs) at the time of import. The nature of the goods, what they will be used for while they are in Australia, and who is importing the goods will determine whether or not the goods will qualify.

There are conditions placed on temporary imports. The most important condition is that you export the goods within the time limits approved. If the goods are not exported within the time limit you will have to pay to Customs an amount equal to the duty and taxes that would have been payable if when you first imported the goods, the goods had not been treated as temporary imports.

For further information, please visit: <http://www.customs.gov.au/site/page4355.asp>

There are no restrictions on the temporary importation of personal computers and software applications for use in normal business situations.

Web Resources

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Australian Communications Authority: <http://www.acma.gov.au>
Australian Customs: <http://www.customs.gov.au>
Australian Embassy/Consulate listing:

<http://www.immi.gov.au/contacts/overseas/index.htm>

Australian Embassy Website: <http://canberra.usembassy.gov/index.html>

Australian Embassy U.S. Visas Website: <http://canberra.usembassy.gov/visas.html>

Australian Visa information: <http://www.eta.immi.gov.au>

Public Holidays in Australia: <http://www.buyusa.gov/australia/en/283.html>

Time conversion: <http://www.timezoneconverter.com>

U.S. Commercial Service – holiday listing: <http://www.buyusa.gov/australia/en/283.html>

(as of March 2011 this site can be found at: <http://www.export.gov/australia>

U.S. State Dept. Australia: http://travel.state.gov/travel/cis_pa_tw/cis/cis_954.html

U.S. State Dept. Travel Warnings: http://travel.state.gov/travel/travel_1744.html

U.S. State Dept. Visa Website: <http://travel.state.gov/visa/index.html>

Australian Tourist Office

Australian Tourist Commission <http://www.australia.com>

Australian State Tourist Offices

Australian Capital Territory: <http://www.canberratourism.com.au>

New South Wales Tourist Commission: <http://www.tourism.nsw.gov.au>

Victorian Tourist Commission: <http://www.visitvictoria.com>

Tourism Queensland: <http://www.queenslandholidays.com.au>

South Australian Tourist Commission: <http://www.southaustralia.com>

Western Australian Tourist Commission: <http://www.westernaustralia.net>

Northern Territory Tourism Commission: <http://www.nttc.com.au>

Tourism Tasmania: <http://www.discovertasmania.com>

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Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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Embassy of The United States of America
<http://canberra.usembassy.gov/>

U.S. Commercial Service Offices in Australia
<http://www.buyusa.gov/australia/en/>
(As of March this site will move to: <http://www.export.gov/australia>)

Senior Commercial Officer for Australia
David J. Murphy
U.S. Commercial Service
U.S. Consulate General
Level 59, MLC Centre,
19-29 Martin Place
Sydney NSW 2000
Australia
Tel: 61 2 9373 9202
Fax: 61 2 9221 0573
Email: office.australia@trade.gov

For mail from the U.S.:
U.S. Department of State
U.S. Consulate General, Sydney
Attn: U.S. Commercial Service
4150 Sydney PI
Washington DC 20521-4150

Deputy Senior Commercial Officer for Australia
Artina Davis
U.S. Commercial Service
U.S. Consulate General
553 St. Kilda Road, 6th Floor
Melbourne VIC 3004
Australia
Tel: 61 3 9526 5923
Fax: 61 3 9510 4660
Email: office.australia@trade.gov

For mail from the U.S.:

U.S. Department of State
U.S. Consulate General, Melbourne
Attn: U.S. Commercial Service
4140 Melbourne Pl
Washington DC 20521-4140

AmCham and Bilateral Business Councils

The American Chamber of Commerce in Australia (Amcham)
<http://www.amcham.com.au>

Australian American Chamber of Commerce
<http://www.usa.embassy.gov.au/whwh/AACCinUS.html>

Australian Chambers Of Commerce (By State)

Each Australian state has a Chamber of Commerce to promote business relations and investment, including imports and exports.

NSW (New South Wales) Business Chamber
<http://www.nswbusinesschamber.com.au/>

Chamber of Commerce & Industry Queensland
<http://www.cciq.com.au/>

Victorian Employers' Chamber of Commerce and Industry
<http://www.vecci.org.au>

Business South Australia
<http://business-sa.com.au>

Tasmanian Chamber of Commerce & Industry
<http://www.tcci.com.au>

Chamber of Commerce and Industry Western Australia
<http://www.cciwa.com>

LEADING TRADE OR INDUSTRY ASSOCIATIONS

(Listed by Standard ITA Industry Codes)

Australia, like the U.S., has active trade and industry associations that have various information and industry promotion programs to assist their members.

General Business and Trade Associations

Australian Chamber of Commerce and Industry
<http://www.acci.asn.au>

Australian Commercial Disputes Centre
<http://www.acdcltd.com.au>

Australian Industry Group
<http://www.aigroup.com.au/>

Australian Institute of Company Directors
<http://www.companydirectors.com.au>

Australian Institute of Management – Victoria & Tasmania
<http://www.aimvic.com.au>

Australian Market and Social Research Society
<http://www.mrsa.com.au>

Australian Retailers Association
<http://www.retail.org.au/>

Business Council of Australia (policy advisory group)
<http://www.bca.com.au>

Consult Australia
(formerly the Association of Consulting Engineers Australia)
<http://www.consultaustralia.com.au/>

Customs Brokers and Forwarders Council of Australia Inc.
<http://www.cbfa.com.au>

Engineers Australia
<http://www.engineersaustralia.org.au>

Institute of Business Leaders
<http://www.businessleaders.com.au>

The Institute of Patent and Trade Mark Attorneys of Australia
<http://www.ipta.com.au>

New South Wales Business Chamber
(Formerly: Australian Business Chamber)
<http://www.nswbusinesschamber.com.au/>

Standards Australia
<http://www.standards.org.au>

Accounting Firms (ACT)

CPA Australia
<http://www.cpaustralia.com.au>

Institute of Chartered Accountants in Australia, The
<http://www.charteredaccountants.com.au/>

Agricultural Machinery and Equipment (AGM)

Agricultural Machinery Research Design Center
<http://www.unisa.edu.au/amrdc>

Tractor and Machinery Association of Australia
<http://www.tractormachinery.com.au>

Aircraft/Parts (AIR)
Airport/Ground Support Equipment (APG)
Aviation Services (AVS)

Aircraft Owners and Pilots Association of Australia
<http://www.aopa.com.au>

Airservices Australia
<http://http://www.airservices.gov.au/>

Australian Aerospace Industry Forum
<http://www.innovation.gov.au/Industry/AerospaceandDefence/Pages/AustralianAerospaceIndustryForum.aspx>

Civil Aviation Safety Authority
<http://www.casa.gov.au>

Helicopter Association of Australasia has closed.

Automotive Parts/Service Equipment (APS)

Australian Automotive Aftermarket Association
<http://www.aaaa.com.au>

Federation of Automotive Products Manufacturers
<http://www.fapm.com.au>

Federal Chamber of Automotive Industries
<http://www.fcai.com.au>

Motor Trades Association of Australia
<http://www.mtaa.com.au>

Biotechnology (BTC)

AusBiotech
<http://www.ausbiotech.org>

Books/Periodicals (BOK)

Australian Booksellers Association

<http://www.aba.org.au/>

Building and Construction (CON)

Australian Building Codes Board
<http://www.abcb.gov.au>

Australian Construction Industry Forum
<http://www.acif.com.au>

Australian Constructors Association
<http://www.constructors.com.au>

Australian Council for Infrastructure Development
(now amalgamated with Infrastructure Partnerships Australia)
<http://www.infrastructure.org.au>

Australasian Tunnelling Society
<http://www.ats.org.au>

Civil Contractors Federation
<http://www.civilcontractors.com>

Construction Forecasting Council
<http://www.cfc.acif.com.au>

Housing Industry Association
<http://www.hia.com.au>

Master Builders Australia Inc.
<http://www.masterbuilders.com.au>

Chemical Production Machinery (CHM) Chemicals, Industrial (ICH)

Chemical Advisory Service
<http://www.cas.com.au>

Plastics and Chemicals Industries Association
<http://www.pacia.org.au>

Computers/Peripherals (CPT) Computer Software (CSF) Computer Services (CSV)

Australian Computer Society Inc.
<http://www.acs.org.au>

Australian Information Industry Association
<http://www.aiia.com.au>

Australian Interactive Media Industry Association
<http://www.aimia.com.au>

Australian Visual Software Distributors Association Ltd
<http://www.avsda.com.au/>

Internet Industry Association
<http://www.iiia.net.au>

Defense Industry Equipment (DFN)

Australian Industry & Defence Network
<http://www.aidn.org.au/>

Australian Industry Group
<http://www.aigroup.com.au/>

Direct Marketing (DIR)

Australian Direct Marketing Association
<http://www.adma.com.au>

Drugs and Pharmaceuticals (DRG)

Pharmacy Guild of Australia
<http://www.guild.org.au/>

Medicines Australia
<http://www.medicinesaustralia.com.au>

Therapeutic Goods Administration
<http://www.tga.gov.au/>

Education/Training (EDS)

Adult Learning Australia
<http://www.ala.asn.au>

Australian Institute of Training & Development
<http://www.aitd.com.au>

Department of Education, Employment and Workplace Relations
<http://www.deewr.gov.au/>

Electrical Power Systems (ELP)

Clean Energy Council
<http://www.cleanenergycouncil.org.au>

NSW Government Industry and Investment: Energy
<http://www.industry.nsw.gov.au/energy>

Department of Innovation, Industry, Science and Research
<http://www.innovation.gov.au>

Energy Supply Association of Australia
<http://www.esaa.com.au>

Energy and Water Ombudsman (Victoria)
<http://www.ewov.com.au>

Essential Services Commission
<http://www.esc.vic.gov.au>

Renewable Energy Generators of Australia
<http://www.rega.com.au>

Warren Centre for Advanced Engineering Ltd, The
http://sydney.edu.au/warrencentre/front_page.html

Electronics (EIP)

Australian Industry Group
<http://www.aigroup.com.au/>

Technology Industry Association
<http://www.tia.asn.au/home>

Environmental Technologies (POL)

Australian Water Association
<http://www.awa.asn.au>

Environment Climate Change and Water (NSW)
www.environment.nsw.gov.au

Sustainable Business Australia
(Formerly: Environment Business Australia)
<http://www.environmentbusiness.com.au>

Waste Management Association of Australia
<http://www.wmaa.asn.au>

Film, Videos/Other Recordings (FLM)

Australasian Performing Right Association and
Australasian Mechanical Copyright Owners Society

<http://www.apra-amcos.com.au/>

Australian Copyright Council
<http://www.copyright.org.au>

Australian Council of Film Societies
<http://www.acmi.net.au/acofs.htm>

Australian Film Institute
<http://www.afi.org.au>

Australian Recording Industry Association
<http://www.aria.com.au>

Australian Visual Software Distributors Association Ltd
<http://www.avsda.com.au/>

Screenrights - the Audio-Visual Copyright Society
<http://www.screen.org>

Financial Services (FNS)

Australian Prudential Regulation Authority
<http://www.apra.gov.au>

Australian Securities & Investment Commission
<http://www.asic.gov.au>

Dun & Bradstreet (Australia)
<http://www.dnb.com.au>

Reserve Bank of Australia
<http://www.rba.gov.au>

Food Processing/Packaging Equipment (FPP) Foods, Processed (FOD)

Australian Institute of Food Science & Technology Inc.
<http://www.aifst.asn.au>

Australian Food and Grocery Council
<http://www.afgc.org.au>

Food & Beverage Importers Association
<http://www.fbia.org.au/>

CSIRO Food & Nutritional Sciences
<http://www.csiro.au/org/FNS.html>

Packaging Council of Australia Inc.
<http://www.pca.org.au/>

Franchising (FRA)

Franchise Council of Australia
<http://www.franchise.org.au>

Office of the Franchising Mediation Advisor, The
<http://www.franchisingmediationadviser.com.au>

Information Services (INF)

Australian Computer Society Inc.
<http://www.acs.org.au>

Australian Information Industry Association
<http://www.aiia.com.au>

Investment Services (INV)

Financial Services Council
<http://www.ifsa.com.au>

Jewelry (JLR)

Jewellers Association of Australia Ltd.
<http://www.jaa.com.au>

Machine Tools/Metalworking Equipment (MTL)

Australian Industry Group
<http://www.aigroup.com.au/>

Australian Manufacturing Technology Institute Limited
<http://www.amtil.com.au>

Medical Equipment (MED)

Australian Dental Industry Association Incorporated
<http://www.adia.org.au>

Australian Therapeutic Goods Administration (TGA)
<http://www.tga.gov.au>

Medical Technology Association of Australia
<http://www.mtaa.org.au>

Mining Industry Equipment (MIN)

Australian Coal Association

<http://www.australiancoal.com.au>

Australian Institute of Geoscientists
<http://aig.org.au>

Australasian Institute of Mining and Metallurgy
<http://www.ausimm.com.au>

Australian Drilling Industry Association
<http://www.adia.com.au>

Minerals Council of Australia
<http://www.minerals.org.au>

Mining Equipment & Services Council of Australia
<http://www.mesca.com.au>

Oil & Gas Field Machinery (OGM)
Oil, Gas, Mineral Production/Exploration Services (OGS)

Australia Institute of Energy
<http://aie.org.au/>

Australian Gas Association, The
<http://www.aga.asn.au/>

Australian Petroleum Co-operative Research Centre
<http://www.apcrc.com.au/>

Australian Petroleum Production and Exploration Association
<http://www.apcrc.com.au/>

Australian Pipeline Industry Association
<http://www.apia.net.au/>

Geosciences Australia
<http://www.ga.gov.au/>

Packaging Equipment (PKG)

Packaging Council of Australia Inc.
<http://www.pca.org.au/>

Plastic Materials/Resins (PMR)
Plastics Production Machinery (PME)

Plastics and Chemicals Industries Association
<http://www.pacia.org.au>

Pollution Control Equipment (POL)

Australian Water Association
<http://www.awa.asn.au>

Sustainable Business Australia
<http://www.environmentbusiness.com.au>

Printing/Graphic Arts Equipment (PGA)

Graphic Arts Merchants Association of Australia
<http://www.gamaa.net.au>

Printing Industries Association of Australia
<http://www.printnet.com.au>

Process Control Instrumentation (PCI)

Institute of Instrumentation, Control and Automation
<http://www.iica.org.au>

Railroad Equipment (RRE)

Australasian Railway Association Inc.
<http://www.ara.net.au/>

Australian Railway Industry Corporation
<http://www.aric.com.au/site/>

Security/Safety Equipment (SEC)

Australian Security Industry Association Limited
<http://www.asial.com.au>

Telecommunications Equipment (TEL) Telecommunication Services (TES)

Australian Telecommunications Users Group Limited
<http://www.atug.com.au>

Textiles, Clothing and Footwear (TXP)

Council of Textile & Fashion Industries of Australia Limited
<http://www.tfia.com.au>

Travel and Tourism Services (TRA)

Australian Federation of Travel Agents
<http://www.afta.com.au>

Visit USA Organization Australia
<http://www.visitusa.org.au>

Water Resources Equipment/Services (WRE)

Australian Water Association (AWA)
<http://www.awa.asn.au>

Office of Water (NSW)
<http://www.water.nsw.gov.au/>

Water Industry Operators Association
<http://www.wioa.org.au>

Water Services Association of Australia
<https://www.wsa.org.au>

AUSTRALIAN GOVERNMENT AGENCIES

Australian Government Offices in the United States

Embassy of Australia
<http://www.usa.embassy.gov.au/>

Tourism Australia
<http://www.tourism.australia.com/>

Key Australian Federal Government Agencies

Agriculture, Fisheries and Forestry, Department of
<http://www.daff.gov.au/>

Airservices Australia
<http://www.airservicesaustralia.com>

Broadband, Communications and the Digital Economy, Department of
<http://www.dbcde.gov.au/>

Building Codes board, Australian
<http://www.abcb.gov.au>

Bureau of Statistics, Australian
<http://www.abs.gov.au>

Climate Change and Energy Efficiency, Department of
<http://www.climatechange.gov.au/>

Communications and Media Authority, Australian
<http://www.acma.gov.au>

Competition and Consumer Commission, Australian
<http://www.accc.gov.au>

Customs and Border Protection Service, Australian

<http://www.customs.gov.au>

Defence, Department of
<http://www.defence.gov.au>

Foreign Affairs and Trade, Department of
<http://www.dfat.gov.au>

Foreign Investment Review Board
<http://www.firb.gov.au>

Geosciences Australia
<http://www.ga.gov.au/>

Health and Ageing, Department of
<http://www.health.gov.au>

Immigration and Citizenship, Department of
<http://www.immi.gov.au>

Innovation, Industry, Science and Research, Department of
<http://www.industry.gov.au>

Infrastructure and Transport, Department of
<http://www.infrastructure.gov.au/>

IP Australia (Intellectual Property)
<http://www.ipaustralia.gov.au>

Quarantine and Inspection Service, Australian
<http://www.daff.gov.au/aqis>

Taxation Office, Australian
<http://www.ato.gov.au>

Therapeutic Goods Administration, Department of Health and Aging:
<http://www.tga.gov.au>

Transport and Regional Services, Department of
<http://www.dotars.gov.au>

Treasury, The
<http://www.treasury.gov.au>

AUSTRALIAN STATE ECONOMIC DEVELOPMENT AGENCIES

Australian Capital Territory

Business and Industry Development
<http://www.business.act.gov.au>

New South Wales

Industry & Investment
(Formerly: Department of State and Regional Development)
<http://www.business.nsw.gov.au>

Communities Sport and Recreation
<http://www.dsr.nsw.gov.au>

Northern Territory

Department of Business and Employment
<http://www.nt.gov.au/dbe/>

Queensland

Employment and Economic Development
<http://www.dtrdi.qld.gov.au>

South Australia

Department of Trade and Economic Development
<http://www.southaustralia.biz>

Tasmania

Department of Economic Development, Tourism and the Arts
<http://www.development.tas.gov.au>

Victoria

Department of Innovation, Industry and Regional Development
<http://www.diird.vic.gov.au>

Western Australia

Department of Commerce
<http://www.commerce.wa.gov.au/index.htm>

Department of Mines and Petroleum
<http://www.dmp.wa.gov.au/>

Department of State Development
<http://www.dsd.wa.gov.au/>

(Formerly all within the Department of Industry and Resources)

Market Research[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://www.buyusa.gov/australia/en/events.html> as of March 2011 this site will be located at: <http://www.export.gov/australia>

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://www.buyusa.gov/australia/en/services.html> as of March 2011 this site will be located at: <http://www.export.gov/australia>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.gov

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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