

PACIFIC RIM OPPORTUNITIES CONFERENCE

OPPORTUNITIES FOR CANADIAN EXPORTS TO AUSTRALIA

Outline of Comments Made by

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Canadian exports of inedible end-products to Australia were \$242 million in 1979, a figure which exceeded our total sales of finished goods to all of the following countries combined - Japan, Korea, New Zealand, Indonesia, Malaysia and China.

One potential difficulty is that the Canadian and Australian economies are not complementary, since we are both substantial producers and exporters of natural resource and agricultural products. Moreover, Australia has a heavily protectionist policy. However, Canada is nevertheless in a virtually unique and advantageous position with respect to tariff access in the Australian market. While Australian tariff protection remains fairly high, there are hundreds of items on which Canada enjoys preferential (i.e. lower) tariff rates than our major competitors.

These tariff preferences stem from the Canada/Australia Trade Agreement (CATA), which is currently under examination by both countries, with a view to strengthening it and increasing its scope. As a very important part of this examination, the Canadian Minister of State for Trade, the Honourable Ed Lumley, and the Minister of State (Finance), the Honourable Pierre Bussières, have invited interested parties in Canada to submit briefs regarding our trade agreements with Australia and with New Zealand.

Canadian business is already taking advantage of opportunities in Australia, but we can do better.

The Trade Development Mission to Australia and New Zealand last May, led by the Honourable Ed Lumley, was a great success. I hear that not only from the Australian side, but also from Canadian businessmen. Many firms did business during the mission itself, and many companies have made follow-up visits to Australia to conclude new business.

One of the few disadvantages of dealing with Australia is its great distance from Canada. However, firms visiting Japan, could, for example, include Australia in their itinerary.

It is important to bear in mind that Canada and Australia not only have many, many similarities -- indeed, we have as much in common as any two countries in the world -- but we also share many problems, and therefore we are each very interested in following each other's development and how we each resolve difficulties. An important common element is our respective federal systems. On big projects it is often necessary to deal with state governments in Australia.

Another plus for Canadian businessmen is that Australia has a positive attitude towards foreign investment, and a business climate as good as any in the world.

Australia's increasing resource export earnings will have to be matched by rising imports, or else their currency, already appreciating against the U.S. dollar, will rise still further. The nearly 40% differential between the Australian and Canadian dollar provides another advantage for Canadian exporters wanting to do business in Australia. The appreciating Australian dollar means that Australian tourists have greater purchasing power, and we should work at attracting more of them to Canada.

We are selling to Australia an ever broadening range of products, from breeding stock and foods through industrial inputs to fully manufactured capital and consumer goods, including high technology products and services. Forty-three per cent of our 1979 exports were fully finished goods.

Another important factor to bear in mind is that the Australian By-law system allows duty-free importation of products not available from local production. Twenty-five per cent of total imports enter under By-law, and 16 per cent of Canadian exports are entered in this fashion.

Specific Trade Opportunities for Canada

(A) With loss of preference for the U.K. in the Australian market on 500 tariff items on 1 January 1980, at least \$40 million of new trade opportunities were opened up for Canada (See list in photo from Industry, Trade & Commerce Newsletter.)

On the 1st July 1981, the United Kingdom will lose all remaining preferential access into Australia. Since the United Kingdom sells \$2.25 billion to Australia annually, there should be many more millions of dollars of trade on which Canadian firms will have a tariff advantage over the United Kingdom competition.

(B) DOMSAT. Due largely to the efforts of departments in Ottawa, our posts in Australia and the firms involved, Canadian companies are in a good position to sell over \$100 million worth of high technology goods and services. But our firms must follow-up aggressively, making deals with Australian companies, and having Canada-based company officers in Australia for most, if not all, of the time up to final contract awards, expected late next year.

(C) Telidon. The Canadian videotex technology is the best in the world. We are already successfully selling word processors and telex equipment to Australia, and they hold us in high regard as producers of communications equipment. Moreover, Australia is a "friendly PAL country", i.e. it uses the PAL T.V. system but has not yet developed its own videotex equipment, unlike the British and the French. Therefore, Australia is a natural country in which to establish a Telidon beach head in the PAL system. We should be pushing hard to do so.

(D) Australia's aluminium smelting capacity will be quadrupling over the next five years. This will call for millions of dollars worth of plant equipment, transportation, ports, and power generation equipment. Are we interested? If so, Canadian firms must establish themselves here and get in on the action.

(E) Rundle oil shale. Do we have earth moving equipment, or other goods or services which would have application to this A\$3.4 billion project? Rundle may need 30 power shovels, 200 large trucks (20 x 217 tonnes, 180 x 317 tonnes).

(F) Australian coal production and export is forecast to increase six-fold by the year 2000, from 40 million tonnes to 240 million tonnes.

Are Canadian firms capable and interested in participating in this expansion? If so, they should be out in Australia now.

(G) Australia is interested in mobile cranes up to 30 tonne capacity.

(H) Do Canadian firms make a portable drilling system capable of drilling to 600-10,000 feet?

(I) No Canadian firms ^{part}icipated in last year's Australian International Mining Equipment Exhibition (AIMEX). Does this mean we are not interested?

(J) Commercial food processing equipment. Those Canadian firms which participated in the last food catering show were pleased with the results. Surley we could build on these promising beginnings.

(K) Hardware and household items. Australians have a standard of living and lifestyle very similar to ours. We are already selling a good range and value of these products, but a visit to Australia (and a good representative or affiliated company) would lead to further successes.

(L) Automotive products. A number of potential opportunities were recently identified by an Industry, Trade and Commerce specialist officer. Our post in Melbourne comments that if Canadian firms want to sell to Australia, they must visit more frequently, and establish an aggressive representative. To date, not many of our companies have done so.

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