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Australian Chamber signs agreement with Indonesian counterpart

The Australian Chamber of Commerce and Industry (ACCI) last week signed a Memorandum of Understanding (MOU) with the Indonesian Chamber of Commerce and Industry (Kadin) in Jakarta to open the way for closer economic cooperation.

The signing of the agreement between both nations' peak business organisations took place at the Indonesia-Australia Trade Ministers' Meeting and was witnessed by Australia's Minister for Trade Dr Hon Craig Emerson MP and his Indonesian counterpart Mari Elka Pangestu.

ACCI's Chief Executive Peter Anderson said, "The MOU provides a forum for dialogue between ACCI and Kadin for the upcoming negotiations between Indonesia and Australia of a Comprehensive Economic Partnership Agreement (IA-CEPA) and in doing so gives significant momentum to the government level negotiations."

"The Indonesian and Australian Governments are both keen to establish a comprehensive economic partnership covering economic cooperation, trade and investment which would provide a pathway for commercial ties to mirror the closeness of the political relationship," Mr Anderson said.

Formal negotiations are yet to commence but they will follow on from the November 2010 meeting of the President of the Republic of Indonesia, Susilo Bambang Yudhoyono and the Prime Minister of Australia, Julia Gillard where it was agreed to commence negotiation of an Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA).

"The MOU is an important sign of industry engagement in the discussions relating to the formal negotiations between Indonesia and Australia of a Comprehensive Economic Partnership Agreement," Peter Anderson said.

"Indonesia is an important trading partner for Australia and our closest neighbour. More than 230 million people live in Indonesia and as we have seen in other countries as they develop and become wealthier, they buy Australian products, goods and services," he said.

Two-way trade in goods and services in 2009-10 was just over \$9 billion making Indonesia Australia's 13th largest trading partner and 11th largest export market. Australian investment in Indonesia was worth an estimated \$4.7 billion in 2009. Austrade estimates that there are more than 400 Australian companies operating in Indonesia, in sectors including mining, agriculture, construction, infrastructure, finance, health care, food and beverage and transport.

Australia's major exports to Indonesia are wheat, live cattle, aluminium and crude petroleum. The services sector is also important and over \$700 million in service related exports were provided by Australian businesses in 2009.

WTO launches "Made in the World" initiative

The "Made in the World" initiative has been launched by the World Trade Organisation (WTO) to support the exchange of projects, experiences and practical approaches in measuring and analysing trade in value addition.

Today, companies divide their operations across the world, from the design of the product and manufacturing of components to assembly and marketing, creating international production chains. More and more products are "Made in the World" rather than "Made in Australia" or "Made in China".

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According to the WTO, the statistical bias created by attributing the full commercial value to the last country of origin can pervert the political debate on the origin of the imbalances and lead to misguided, and hence counter-productive, decisions. The challenge is to find the right statistical bridges between the different statistical frameworks and national accounting systems to ensure that international interactions resulting from globalisation are properly reflected and to facilitate cross border dialogue between national decision makers.

For more information about the “Made in the World” initiative and to register to receive news updates on this initiative [click here](#) to visit the website.

Government reforms Australia’s trade policy

In an important economic reform, the Federal Government has overhauled Australia’s trade policy, re-connecting with the Hawke-Keating philosophy of free and open trade.

Releasing the Government’s trade policy statement, Trade Minister Craig Emerson said: “Sound trade policy and solid economic reform work hand-in-hand.”

“Prime Minister Gillard has committed Australia to free trade as a pathway to more and better jobs and greater prosperity. Our new trade strategy will help deliver this commitment.”

The trade strategy embraces five principles: the pursuit of ongoing, trade-related economic reform without waiting for other countries to reform their trade policies; non-discrimination among countries in trade negotiations; foreign policy considerations not overriding trade policy; transparency in free trade negotiations; and the seamless execution of trade policy and wider economic reform.

The Minister said the government will champion ongoing multilateral trade liberalisation as the preferred vehicle for non-discriminatory trade among nations.

“If progress on multilateral reform remains slow, then – consistent with the Productivity Commission's 2010 report – the government will press ahead in negotiating high-quality, truly liberalising bilateral and regional trade agreements that do not detract from, but support, the multilateral system,” he said.

The Minister said the government’s trade policy principles give rise to a set of disciplines governing the negotiation and content of trade agreements, including:

- multilateral agreements offer the largest benefits;
- bilateral and regional agreements must not weaken the multilateral system;
- Australia will not seek to entrench preferential access to markets in trade negotiations, simply an opportunity to compete on terms as favourable as anyone else's;
- the public will be well informed about trade negotiations and have an opportunity for input, and;
- Australia will press ahead with trade related economic reform irrespective of whether other countries reform their policies in this area.

“Based on these principles and disciplines, the Government’s trade priorities involve support for the multilateral system, the Trans-Pacific Partnership of nine Asia-Pacific countries, and the negotiation of bilateral trade deals with Korea, Japan, China, Malaysia, Indonesia and the Gulf Cooperation Council. If India is agreeable, Australia will launch free-trade negotiations between the two countries.

“Any such trade deals will be expected to pass the test of high-quality, truly-liberalising agreements that support the multilateral system.

“The trade policy statement agrees with nine of the 10 recommendations of the Productivity Commission's 2010 report on bilateral and regional trade agreements and agrees in part with the remaining recommendation.

“Later in 2011, in light of progress made, the Government will again assess each set of trade negotiations against the principles and disciplines outlined in the trade strategy, the Minister said.



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Proposed Australian plain packaging regulation bad public policy says ICC

The International Chamber of Commerce (ICC), the peak world business organisation, has called on the Australian government to reject proposed regulations requiring tobacco product packaging to be stripped of trademarks and product designs differentiating one brand from another.

Responding to the release of draft legislation requiring tobacco products to be sold in “plain packaging”, ICC Secretary General Jean-Guy Carrier said, in a letter to Australian Trade Minister Craig Emerson, that the proposal creates a dangerous precedent that could have far-reaching impacts on the use of trademarks and other intellectual property in Australia and globally.

“Our members strongly support the protection of public health, and we are not questioning the adverse consequences of long-term tobacco use or the government’s role in reducing tobacco use,” said Jeffrey Hardy, Coordinator of ICC’s Business Action to Stop Counterfeiting and Piracy (BASCAP) initiative. “However, the solution being proposed is simply wrong and bad public policy. We urge the Australian government to consider policy alternatives to the ‘plain packaging’ proposal, that would further the government’s health policy goals without creating a dangerous precedent with negative consequences that go far beyond the aims of the new rules.”

Restricting trademarks and branding of products removes a valuable accountability and responsibility mechanism that consumers depend on to make the best choices in the marketplace, according to ICC.

“Plain packaging makes it easier for packaging to be copied by counterfeiters, exposing consumers to products with unknown and potentially dangerous ingredients, and it makes it more difficult for consumers to identify the manufacturer responsible for responding to complaints or problems,” Mr. Hardy said. “It also would reduce the brand owners’ ability to take action against counterfeiters, and increase burdens on already overstretched public agencies working to enforce intellectual property protections in the face of escalating counterfeiting and piracy throughout Australia and worldwide.”

“The ability of brand owners to market their product in unique and easily identifiable ways is a core element of a developed society’s protection of intellectual property rights,” Mr. Hardy said. “Removing one industry’s ability to use its intellectual property rights opens the door to extend this violation of IP rights to other industries and other brand owners in Australia and around the world.”

Several governments have previously considered and rejected plain packaging as a solution to controlling tobacco use. There has been no research and no data to support plain packaging as a deterrent to smoking.

“The proposed regulations undermine the Australian government’s goals of fostering and encouraging the growth of markets for Australian products,” Mr. Hardy said. “Australia has been a leading voice in support of IP and rules-based commerce, but the proposed regulations mandating the elimination of trademarks and trade dress are in direct and dangerous conflict with this view.”

ICC pointed out that international law protects trademarks and intellectual property. Several laws and treaties prohibit actions which would harm trademark ownership rights, including the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) and the Paris Convention for the Protection of Industrial Property. These laws protect branding and trademarks for all legal products. Denying the ability to create, maintain and use trademarks and to distinguish products is in direct conflict with these laws and prevents the legitimate functioning of brands in a marketplace.

EFIC loan supports export of documentary series

Export Finance and Insurance Corporation (EFIC) has supported Australian production company Mindful Films Pty Ltd with a producer offset loan for its documentary series, *Outback Fight Club*.

EFIC provided a loan of \$69,000 to Mindful Films Pty Ltd, which is a special purpose vehicle production company jointly owned by series producer Isabel Perez and Paul Scott, the writer, director and executive producer, and owner of Mindful Media Pty Ltd (Mindful Media).

Services are an important component of the EU-Australia trade relationship, comprising about 28 per cent of bilateral goods and services trade in 2009-10.



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“EFIC is delighted to support the export of a second Australian production with our producer offset loan facility,” said EFIC executive director SME, Andrea Govaert.

Outback Fight Club aired in two one-hour parts on television channel SBS during January 2011. The EFIC loan will assist with payment of post production expenses such as editing the film and soundtrack and legal, business and marketing expenses.

The loan is provided in relation to the Australian Government’s Producer Offset initiative. This initiative offers refundable tax rebates to producers of eligible Australian feature films, television and other projects where those productions have international distribution agreements. The EFIC loan facility is designed to assist smaller productions that are eligible for the Producer Offset but may have difficulty attracting finance in the commercial market.

Iliad Entertainment, based in New York, holds the worldwide distribution rights for Outback Fight Club outside Australia.

“Screen Australia and SBS helped us to finance production of the series, but we needed further funds to pay for post-production expenses before we will receive the producer offset through the tax system,” Isabel Perez said. “EFIC’s loan will increase our cash flow and help us to meet those costs.”

“EFIC is delighted to support the export of a second Australian production with our producer offset loan facility,” said EFIC executive director SME, Andrea Govaert.

“The loan shows how EFIC finance can work with other sources of funding to assist successful production companies like Mindful Media.”

Outback Fight Club, set in the Australian outback, explores the secretive world of tent boxing, in which boxing troupes tour small towns and allow volunteers to fight for cash. The documentary follows the world’s last surviving tent boxing group on their final tour of remote Queensland.

For more information about EFIC’s Producer Offset loan facility, [click here](#).

Doha failure would have dire consequences for world economy says ICC

The International Chamber of Commerce (ICC) strongly supports a call from the World Trade Organisation (WTO) for a breakthrough in the Doha Round of talks in April if these crucial negotiations for lowering trade barriers are to be concluded this year.

In a statement following a recent statement by WTO Director-General Pascal Lamy on an upcoming deadline for Doha talks, ICC stressed that international trade is critical to restoring the health of the global economy.

The statement said that, concluding the Doha Round after 10 years of deadlocked negotiations would strengthen confidence in the multilateral trading system, stimulate the global economy, create employment opportunities, and contribute to mitigating the effects of climate change.

“ICC has long held that failure to conclude the Doha Round will undermine the multilateral system built by the international community over the past 70 years. This system underpins the promise of peace and prosperity that lies within the reach of developing countries if trade barriers are brought down,” said ICC Chairman Gerard Worms.

“Completing the Doha Round would provide the world with a debt-free stimulus package, thereby helping to sustain balanced economic growth across both poorer and rich countries. If current proposals were put into effect, it is predicted that global GDP would grow by US\$280 billion annually.

“Not implementing Doha would let an ongoing tide of protectionist measures further thwart an opportunity for growth. Despite commitments from G20 countries to avoid new trade barriers, the threat of protectionism has become worse since the economic crisis.”



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According to a recent report prepared by the Peterson Institute for International Economics and commissioned by the ICC Research Foundation, hundreds of new protectionist measures in the G20 'pipeline' threaten to derail global economic recovery, trade and employment. The report concludes that if only half of these G20 country measures are implemented by the end of 2011, the world economy will face a serious protectionist problem.

The ICC statement said that poor countries stand to suffer the most if Doha is not finalised. Reducing trade barriers would especially benefit smaller and less-developed countries, as well as South-South trade. The World Bank estimates that more than two-thirds of the overall benefits of lowering trade barriers would directly impact poorer countries through better entry to agricultural markets.

Barriers to agricultural trade, which tend to distort commodity prices, have a particularly adverse effect on developing countries. Opening up trade will not only lead to increased productivity and efficiency, but should also encourage greater investment in low-carbon technologies through economies of scale, the statement said.

World risk spotlight on Middle East, North Africa, the eurozone and Japan

The April issue of EFIC's newsletter, World Risk Developments, examines the continuing impact of three recent dislocations: the turmoil in the Middle East and North Africa (MENA), the eurozone sovereign debt-cum-banking crisis and earthquake and tsunami in Japan.

In MENA, the newsletter notes that the so-called Arab Spring has entered a new phase. Regimes across the region have mounted crackdowns, with Libya entering a civil war and Yemen on the brink. In the two countries where the old regimes have already been overthrown - Egypt and Tunisia - recent developments are promising. Constitutional change and elections are being planned. But the situation remains unstable, with the position of security forces and Islamic opposition groups in particular unclear.

What does this imply for businesses trading with and investing in the region? "In short, more uncertainty", says EFIC chief economist Roger Donnelly. "A lot of upside potential, but also much downside risk. Historical experience suggests that governance and economic performance don't always improve following the overthrow of an autocrat."

In Europe, highly indebted peripheral eurozone governments continue to struggle with their public finances. Portugal's caretaker government sought a bailout from the European Union - the third country to do so after Greece and Ireland.

"The failure of the EU to hold the line at Greece and Ireland won't affect just Portugal", says Donnelly. "It could also make life difficult for governments in Spain, Belgium and Italy."

On the other hand, he says, there was some good news about the impact of the earthquake in Japan from an economic standpoint: purchasing manager indices for March indicated that aggregate world manufacturing production has not suffered a severe blow.

"While the disaster has certainly caused supply chain disruptions, it seems that firms outside the disaster area in Japan, and those in other countries, have rushed to supply the shortfall," Donnelly says. "However, Japanese imports have certainly been heavily impacted, with imports going down correspondingly, including from Australia."

In other stories, the newsletter looks at interest rate rises by China and the European Central Bank, oil price rises and the narrowly-averted US federal government shutdown.

Attacks off Somali coast drive piracy to record high, reports IMB

Piracy at sea hit an all-time high in the first three months of 2011, with 142 attacks worldwide, International Maritime Bureau's (IMB) global piracy report revealed. The sharp rise was driven by a surge in piracy off the coast of Somalia, where 97 attacks were recorded in the first quarter of 2011, up from 35 in the same period last year.

Worldwide in the first quarter of 2011, 18 vessels were hijacked, 344 crew members were taken hostage, and six were kidnapped, IMB reported. A further 45 vessels were boarded, and 45 more reported being fired upon.

"The failure of the EU to hold the line at Greece and Ireland won't affect just Portugal", says Donnelly. "It could also make life difficult for governments in Spain, Belgium and Italy."



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Of the 18 ships hijacked worldwide in the first three months of the year, 15 were captured off the east coast of Somalia, in and around the Arabian Sea and one in the Gulf of Aden. In this area alone, 299 people were taken as hostage and a further six were kidnapped from their vessel. At their last count, on 31 March, IMB figures showed that Somali pirates were holding captive 596 crew members on 28 ships.

Three big tankers of over 100,000 tonnes deadweight have been hijacked off the Horn of Africa this year. Of a total of 97 vessels attacked in the region, 37 were tankers and of these, 20 had a deadweight of more than 100,000 tonnes.

A number of countries are employing their navies to take a tough stance against piracy. In a recent show of force, commended by the IMB, the Indian navy captured 61 Somali pirates on a hijacked ship off India's west coast.

Elsewhere, in the first quarter of 2011 nine incidents were reported off Malaysia, including the hijacking of a tug and barge off Tioman Island. Vessels were boarded in seven incidents by robbers armed with guns and knives.

Five incidents have been recorded for Nigeria, with three attacks against vessels in Lagos. Crews in the area are reporting increased violence, including one incident where all 27 crew members were injured. IMB's concerns about an expansion of Nigerian-style piracy have been heightened by the hijacking of a chemical tanker off neighbouring Benin, which its captors finally directed to Lagos.

IMB's Piracy Reporting Centre (PRC) is the only manned centre to receive reports of pirate attacks 24 hours a day from across the globe. IMB strongly urges all shipmasters and owners to report all actual, attempted and suspected piracy and armed robbery incidents to the IMB Piracy Reporting Centre. This first step in the response chain is vital to ensuring that adequate resources are allocated by authorities to tackle piracy.

Transparent statistics from an independent, non-political, international organization can act as a catalyst to achieve this goal.

IMB is a division of the International Chamber of Commerce.

Diplomatic appointment: Ambassador to Japan

Bruce Miller has been appointed as Australia's new Ambassador to Japan.

Mr Miller is expected to take up his appointment in July 2011 and replaces Mr Murray McLean OAM who has been Ambassador since November 2004.

Japan is Australia's second-largest export market and trading partner, with two-way merchandise and services trade worth \$58.9 billion in 2009-10. Both nations are working to complete a high-quality and comprehensive Free Trade Agreement. People-to-people links are also strong and vibrant, and are supported by 101 sister-city relationships, 658 sister-school relationships, and 16 Australia-Japan societies in Australia and 47 Japan-Australia societies in Japan.

Mr Miller is currently Deputy Director-General of the Office of National Assessments (ONA). Prior to his appointment with ONA, Mr Miller was a senior career officer with the Department of Foreign Affairs and Trade and was Minister (Political) at the Australian Embassy, Japan from August 2004-2009. Mr Miller, who speaks Japanese, was also posted to Tokyo as First Secretary, later Counsellor (1992-96) and previously also served in Iran. Mr Miller was also seconded to the Department of the Prime Minister and Cabinet from 1997-1998.



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