Overseas Market Information

WTO – A brief introduction for our members

The WTO was established on 1st January, 1995, but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system. Over the years GATT evolved through several rounds of negotiations. It was the last and largest GATT round (Uruguay Round), which lasted from 1986 to 1994 and led to the WTO's creation.

However, it may be pertinent to mention at the outset that whereas GATT had mainly dealt with trade in goods, the WTO and its agreements now cover trade in services, and in traded inventions, creations and designs (intellectual property). Presently, 148 countries are members of the WTO.

Functions

The following functions are discharged by the WTO :

- Administering WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Cooperation with other international organizations

Essentially, the WTO is an institutional mechanism through which the member governments try to sort out the trade problems they face with each other. Its over-riding purpose is to help trade flow as freely as possible. At its heart are WTO agreements, negotiated and signed by the bulk of the world's trading nations. But the WTO is not just about liberalizing trade, and in some circumstances its rules support maintaining trade barriers – for example to protect consumers or prevent the spread of disease.

What is the World Trade Organization ?

Simply put : the World Trade Organization (WTO) deals with the rules of trade between nations at a global or near-global level. But there is more to it than that. It's an organization for liberalizing trade. It's a forum for governments to negotiate trade agreements. It's a place for them to settle trade disputes. It operates a system of trade rules.

The WTO was born out of negotiations, and everything the WTO does is the *result of negotiations*. The bulk of the WTO's current work comes from the 1986-94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT). The WTO is currently the host to new negotiations, under the "Doha Development Agenda" launched in 2001. Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to liberalize trade.

The WTO agreements, negotiated and signed by the bulk of the world's trading nations provide the legal ground-rules for international commerce. They are essentially contracts, binding governments to keep their trade policies within agreed limits. Although negotiated and signed by governments, the goal is to help producers of goods and services, exporters, and importers conduct their business, while allowing governments to meet social and environmental objectives. It must always be remembered that the WTO was born out of negotiations; everything the WTO does is the result of negotiations.

The system's over-riding purpose is to **help trade flow as freely as possible** – so long as there are no undesirable side-effects, which partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy. In other words, the rules have to be "transparent" and predictable.

WTO also helps to settle disputes – This is a third important side to the WTO's work. Trade relations often involve conflicting interests. Agreements, including those painstakingly negotiated in the WTO system, often need interpreting. The most harmonious way to settle these differences is through some neutral procedure based on an agreed legal foundation, which is the purpose behind the dispute settlement process written into the WTO agreements.

Principles of the trading system

The WTO agreements are lengthy and complex because they are legal texts covering a wide range of activities. They deal with : agriculture, textiles and clothing, banking, telecommunications, government purchases, industrial standards and product safety, food sanitation regulations, intellectual property, and much more.

A number of simple, fundamental principles run throughout all of these documents. These following principles are the foundation of the multilateral trading system.

Trade without discrimination

Most-favoured-nation (MFN)

Treating other people equally under the WTO agreements, countries cannot normally discriminate between their trading partners. If they Grant someone a special favour (such as a lower customs duty rate for one of their the products) of one country then they have to do the same for all other WTO members. This principle is known as most-favoured-nation (MFN) treatment. It is so important that it is the first article of the General Agreement on Tariffs and Trade (GATT), which governs trade in goods. MFN is also a priority in the General Agreement on Trade in Services (GATS) (Article 2) and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)

(Article 4), although in each agreement the principle is handled slightly differently. Together, these three agreements cover all three main areas of trade handled by the WTO.

The system operated by the WTO is the 'Multilateral' trading system. Though most nations (including almost all the main trading nations) are members of the system, but some are not. Therefore, "Multilateral" is used to describe the system instead of "global" or "world". In WTO affairs, "Multilateral" also contrasts with actions taken regionally or by other smaller groups of countries. (This is different from the word's use in other areas of international relations where, for example, a "Multilateral" security arrangement can be regional.)

The MFN principle emphasises that the trading system should be without discrimination, that is, a country should not discriminate between its trading partners (giving them equally "most favoured-nation" or MFN status); and it should not also discriminate between its own and foreign products, services or nationals (giving them "national treatment").

Some exceptions, however, are allowed. For instance, members may set up a free trade agreement that applies only to goods traded within the group – discriminating against goods from outside, or they can give developing countries preferential access to their markets. A member can also raise barriers against products that are considered to be traded unfairly from specific countries. But the agreements only permit these exceptions under strict conditions. In general, MFN means that every time a country lowers a trade barrier or opens up a market, it has to do so for the same goods or services from all its trading partners – whether rich or poor, weak or strong.

National treatment

It means that imported and locally produced goods should be treated equally – at least after the foreign goods have entered the market. The same should apply to foreign and domestic services, and to foreign and local trademarks, copyrights and patents. This principle of "national treatment" (giving others the same treatment as one's own nationals) is also found in all the three main WTO agreements (Article 3 of GATT, Article 17 of GATS and Article 3 of TRIPS), although once again the principle is handled slightly differently in each of these. National treatment only applies once a product; service or item of intellectual property has entered the market. Therefore, charging customs duty on an import is not a violation of national treatment even if locally produced products are not charged an equivalent tax.

Freer trade : gradually, through negotiation

Lowering trade barriers is one of the most obvious means of providing market access. The barriers concerned include customs duties (or tariffs) and measures such as import bans or quotas that restrict quantities selectively. From time to time other issues such as red tape and exchange rate policies have also been discussed within the WTO fora. Since GATT's creation in 1947-48 there have been eight rounds of trade negotiations. A ninth round, under the Doha Development Agenda, is now under way. At first these focused on lowering tariffs (customs duties) on imported goods. As a result of the negotiations, by the mid-1990s industrial countries' tariff rates on industrial goods had fallen steadily to less than 4% But by the 1980s, the negotiations had expanded to cover non-tariff barriers on goods, and to the new areas such as services and intellectual property. Opening markets can be beneficial, but it also requires adjustment. The WTO agreements allow countries to introduce changes gradually, through "progressive liberalization". Developing countries are usually given longer time-span to fulfil their obligations.

Predictability : through binding and transparency

Sometimes, promising not to raise a trade barrier can be as important as lowering one, because the promise gives businesses a clearer perspective of their future trade opportunities. With stability and predictability, investment is encouraged, jobs are created and consumers can fully enjoy the benefits of competition – choice and lower prices. The multilateral trading system is an attempt by governments to make the business environment stable and predictable. WTO provides a freer market access by bringing down tariff barriers through negotiation. It further helps businesses by making the trade policy predictable so that foreign companies, investors and governments should be confident that trade barriers (including tariffs and non-tariff barriers) would not be raised arbitrarily and therefore the tariff rates and market-opening commitments are "bound" in the WTO.

Why 'most-favoured' ?

In WTO it actually means non-discrimination – treating virtually everyone equally. Each member treats all the other members equally as "most favoured" trading partners. If a country improves the benefits that it gives to one trading partner, it has to give the same "best" treatment to all the other WTO members so that they all remain "most favoured". Most-favoured nation (MFN) status did not always mean equal treatment. The first bilateral MFN treaties set up exclusive clubs among a country's "most-favoured" trading partners. Under GATT and now the WTO, the MFN club is no longer exclusive. The MFN principle ensures that each country treats its over 140 fellow members equally.

But there are some exceptions In the WTO, when countries agree to open their markets for goods or services, they "bind" their commitments. For goods, these bindings amount to ceilings on customs tariff rates. Sometimes countries tax imports at rates that are lower than the bound rates. Frequently this is the case in developing countries. In developed countries the rates actually charged and the bound rates tend to be the same. A country can change its bindings, but only after negotiating with its trading partners, which could mean compensating them for loss of trade. One of the achievements of the Uruguay Round of multilateral trade talks was to increase the amount of trade under binding commitments In agriculture, 100% of products now have bound tariffs. The result of all this is a substantially higher degree of market security for traders and investors.

The system tries to improve predictability and stability in other ways as well. One way is to discourage the use of quotas and other measures used to set limits on quantities of imports. Administering quotas can lead to more red-tape and accusations of unfair play. The system enjoins the members to make their trade rules as clear and transparent as possible. Many WTO agreements require governments to disclose their policies and practices publicly within the country or by notifying the WTO. The regular surveillance of national trade policies through the Trade Policy Review Mechanism provides a further means of encouraging transparency both domestically and at the multilateral level.

The GATT years : from Havana to Marrakesh

The WTO's creation on 1st January, 1995 marked the biggest reform of international trade since after the Second World War. It also brought to reality – in an updated form – the failed attempt in 1948 to create an International Trade Organization. Much of the history of those 47 years was written in Geneva. But it also traces a journey that spanned the continents, from that hesitant start in 1948 in Havana (Cuba), via Annecy (France), Torquay (UK), Tokyo (Japan), Punta del Este (Uruguay), Montreal (Canada), Brussels (Belgium) and finally to Marrakesh (Morocco) in 1994. During that period, the trading system came under GATT, salvaged from the aborted attempt to create the ITO. GATT helped establish a strong and prosperous multilateral trading system that became more and more liberal through rounds of trade negotiations. But by the 1980s the system needed a thorough overhaul. This led to the Uruguay Round, and ultimately to the WTO.

For almost half a century, the GATT's basic legal principles remained much as they were in 1948. There were additions in the form of a section on development added in the 1960s and "plurilateral" agreements (i.e. with voluntary membership) in the 1970s, and efforts to reduce tariffs further continued. Much of this was achieved through a series of multilateral negotiations known as "trade rounds" – the biggest leaps forward in international trade liberalization have come through these rounds which were held under GATT's auspices. In the early years, the GATT trade rounds concentrated on further reducing tariffs. Then, the Kennedy Round in the mid-sixties brought about a GATT Anti-Dumping Agreement and a section on development. The Tokyo Round during the seventies was the first major attempt to tackle trade barriers that do not take the form of tariffs, and to improve the system. The eighth, the Uruguay Round of 1986-94, was the last and most extensive of all. It led to the WTO and a new set of agreements. The Tokyo Round 'codes' • Subsidies and countervailing measures – interpreting Articles 6, 16 and 23 of GATT • Technical barriers to trade – sometimes called the Standards Code • Import licensing procedures • Government procurement • Customs valuation – interpreting Article 7 • Anti-dumping – interpreting Article 6, replacing the Kennedy Round code • Bovine Meat Arrangement • International Dairy Arrangement • Trade in Civil Aircraft.

The Uruguay Round

It took seven and a half years, almost twice the original schedule. By the end, 123 countries were taking part. It covered almost all trade, from toothbrushes to pleasure boats, from banking to telecommunications, from the genes of wild rice to AIDS treatments. It was quite simply the largest trade negotiation ever, and most probably the largest negotiation of any kind in history. At times it seemed doomed to fail. But in the end, the Uruguay Round brought about the biggest reform of the world's trading system since GATT was created at the end of the Second World War. And yet, despite its troubled progress, the Uruguay Round did see some early results. Within only two years, participants had agreed on a package of cuts in import duties on tropical products – which are mainly exported by developing countries. They had also revised the rules for settling disputes, with some measures implemented on the spot. And they called for regular reports on GATT members' trade policies, a move considered important for making trade regimes transparent around the world.

What happened to GATT ?

The WTO replaced GATT as an international organization, but the General Agreement still exists as the WTO's umbrella treaty for trade in goods, updated as a result of the Uruguay Round negotiations. Trade lawyers distinguish between GATT 1994, the updated parts of GATT, and GATT 1947, the original agreement which is still the heart of GATT 1994. Confusing ? For most of us, it's enough to refer simply to "GATT".

The post-Uruguay Round built-in agenda

Many of the Uruguay Round agreements set timetables for future work. Part of this "built-in agenda" started almost immediately. In some areas, it included new or further negotiations. In other areas, it included assessments or reviews of the situation at specified times. Some negotiations were quickly completed, notably in basic telecommunications, financial services. (Member governments also swiftly agreed a deal for freer trade in information technology products, an issue outside the "built-in agenda".) The agenda originally built into the Uruguay Round agreements has seen additions and modifications. A number of items are now part of the Doha Agenda, some of them updated. There were well over 30 items in the original built-in agenda. This is a selection of highlights :

1996

- Maritime services : market access negotiations to end (30th June, 1996, suspended to 2000, now part of Doha Development Agenda)
- Services and environment : deadline for working party report (ministerial conference, December 1996)
- Government procurement of services : negotiations start

1997

- Basic telecoms : negotiations end (15th February)

- Financial services : negotiations end (30th December)
- Intellectual property, creating a multilateral system of notification and registration of geographical indications for wines : negotiations start, now part of Doha Development Agenda

1998

- Textiles and clothing : new phase begins 1st January
- Services (emergency safeguards) : results of negotiations on emergency safeguards to take effect (by 1st January, 1998, deadline now March 2004)
- Rules of origin : Work programme on harmonization of rules of origin to be completed (20th July, 1998)
- Government procurement : further negotiations start, for improving rules and procedures (by end of 1998)
- Dispute settlement : full review of rules and procedures (to start by end of 1998)

1999

- Intellectual property : certain exceptions to patentability and protection of plant varieties : review starts

2000

- Agriculture : negotiations start, now part of Doha Development Agenda
- Services : new round of negotiations start, now part of Doha Development Agenda
- Tariff bindings : review of definition of "principle supplier" having negotiating rights under GATT Art. 28 on modifying bindings
- Intellectual property : first of two-yearly reviews of the implementation of the agreement

2002

- Textiles and clothing : new phase begins 1st January

2005

- Textiles and clothing : full integration into GATT and agreement expires 1st January.

Australia – A guide for Exporters to Australia

(Continued from previous issue)

Approaching Australian Importers

In the first part of this guide we noted that most Australian importers are slow to change from established suppliers.

We have also noted that factors such as packaging, delivery on time and low minimum orders are important to Australian importers and retailers.

It is also important to understand that Australian importers are regularly offered products from around the world and a new supplier needs to ensure that the first offer to the importer stands out from the competition.

The Competitive Nature of the Market

The general rule of the Australian retailer is that they will not directly import a product unless it is at least 15% cheaper on a landed, duty paid basis than a similar product available from a local manufacturer or supplier.

This price comparison attitude of the major retailers is also reflected in the approach of the larger importers. A new supplier must be considerably cheaper than their Australian or established overseas competition and before an importer will consider switching to a new supplier, the price difference would need to be at least 5% on FOB.

The new overseas supplier will therefore find that the Australian importer will be very concerned about the competitive price of the products offered. It is often not sufficient to slightly undercut the competition. The first price offered must be very attractive before the Australian company will show interest.

It should also be noted that most retailers offer genuine money back or replacement policy on faulty goods and importers will be very conscious of the need for consistent quality.

Importance of Retail Packaging

Apart from satisfying Australian packaging and labelling regulations and the importer's multiple order pack standards, new overseas suppliers must appreciate the importance of the retail packaging of any consumer goods they offer.

The Australian retail scene is very much a self-service industry and the product often has to "sell itself".

Therefore the retail packaging must be informative, attractive and of good quality. Australian importers, when offered two similar products at a similar price, will almost always choose the product with the best retail packaging.

The quality of the retail packaging expected from overseas suppliers has increased a great deal over the last 10 years. Basic bed linen, for example, is now requested in better quality poly bags with a better quality photograph, while even cheap toys must be in good quality hanger packs with attractive well printed cards.

The relatively small orders from Australian importers can create retail-packaging difficulties for new overseas suppliers because the volumes may not be sufficient for cost-effective special packaging.

On the other hand, many orders are lost because the retail packaging available from the supplying country is either not of good enough quality or the high unit cost of the box, bag, etc., makes the product uncompetitive.

When approaching the Australian importer it will therefore be most important to offer good quality and attractive retail packaging in addition to competitive prices. This may be as simple as increasing the quality of the poly bag, or it may require the printing of a new style of window box. Many overseas suppliers to Australia can offer good quality retail packaging and without this capability new overseas suppliers could have limited prospects in the market.

How to approach the Australian Importer

In summary, the main concerns of the Australian importer when looking at new overseas suppliers are :

- **Price :** the landed, duty paid cost of the product should be considered cheaper than the locally made equivalent or from other sources;
- **Reliability :** the supplier must be able to produce products of consistently good quality, arrange delivery on time and communicate regularly; and
- **Flexibility :** the supplier must be prepared to accept reasonable volume orders (this is particularly important in the small Australian market).

If a new overseas supplier can convince the Australian importer on all these points there are good prospects to sell almost any product to this market. The question is how does a new supplier convince the importer to consider their products ?

Most overseas suppliers try writing to the Australian importers but this approach is usually unsuccessful. The average Australian importer receives many such letters every week and most end up in the rubbish bin unless the importer happens to be looking for a new supplier at the time. The only way this type of approach may get results is if the overseas supplier writes a brief letter which shows an understanding of the market, offers very competitive prices, reasonable minimums and, where appropriate, good retail packaging. A poorly prepared letter with no price information will not be taken seriously.

The most successful way of approaching most importers is through a visit to the market for personal discussions with the Australian companies. For the majority of overseas suppliers a visit to Sydney and Melbourne (and perhaps Perth and Brisbane if selling into the mining, oil and gas and agricultural sectors, and Adelaide if targeting the automotive industry) would be sufficient to meet with the major buyers, but it will be important to arrange an appointment in advance. This may be done through their country's commercial representative(s) in Australia, through the Chambers of Commerce or by e-mail or facsimile direct to the Australian company.

When meeting with the Australian importer it will be most important to offer your best price first - remembering that most Australian importers do not like to bargain. Importers are straightforward in reacting to offers and will quickly tell the supplier if they are too expensive.

Once the question of price has been covered the importer will like to see samples of the product(s) and the retail packaging, if appropriate. Other issues of concern will be minimum orders, quality control and delivery schedules. In other words, the Australian importer is no different from those in many other markets.

It is, however, very usual for the Australian importer to finalise any orders with new overseas suppliers before they have inspected the supplier's manufacturing or processing operations to check for quality control procedures, manufacturing operations and the general efficiency of the company.

Australian importers and retail buyers travel regularly overseas for this purpose and another acceptable option for new overseas suppliers is to meet with these buyers while they tour the country. Exporters country's commercial representative(s) in Australia should be able to provide advice in this regard.

The most successful way of approaching the major retailers in Australia is by appointing buying agents. The major retailers will not import without the involvement of their buying agent, and suppliers interested in the Australian market should contact these agents to make sure they are registered as acceptable suppliers for negotiations with the retail buyers on their next overseas trip.

Effective Promotion in Australia

The key to longer-term success in any market is the ability to adapt to the requirements and conditions of that market. A particular style of product may sell well in one market and be a complete failure in another. Likewise, what may prove to be a successful trade promotion activity in Europe could be unsuccessful in a market like Australia. The Australian market does require a slightly different trade promotion approach to that which may have good results in other markets.

Some important aspects that affect how overseas suppliers can promote their products in Australia are :

- The small number of major international trade displays in Australia; and
- The relatively insignificant role of in-store promotions by the major retailers.

Included in the options available to overseas suppliers to promote their products in Australia are the following :

Specialised selling missions

A large number of countries have successfully adopted the approach of sending specialised selling missions to Australia.

It is, however, very important to carefully plan these missions. Many Australian importers believe that such missions are often "a waste of time" because the companies come to Australia with products that are not suitable for the market and/or are not competitively priced. There is some reluctance on the part of importers to meet with these missions as they feel there is unlikely to be anything of interest.

When planning a selling mission to Australia it is therefore important to select only those companies with suitable, competitively priced products. It will also be vital to arrange, well in advance, an appointment schedule for each mission at the importers or end-user's office. Most Australian importers consider themselves to be "too busy" to visit the supplier at a hotel or other venue and will often expect the mission member to come to them.

A properly planned selling mission to Australia can be very effective as it allows the seller and buyer to meet personally to discuss business opportunities. A poorly planned mission can, on the other hand, waste time and money as well as harming the country's image with importers.

Participation in specialised trade displays

This can also be a very effective way of promoting an overseas supplier's products in the market.

As already mentioned there is a growing number of specialised trade exhibitions in Australia and most are held in Sydney or Melbourne. These range from displays featuring personal computers to camping goods. Major oil and gas and mining industry exhibitions are held in Perth.

Commercial or official trade representatives in Australia or the Chambers of Commerce and Industry should be able to supply details of forthcoming specialised trade displays, but as a guide there are very good exhibitions for overseas suppliers of :

- Building and construction materials;
- Mining and petroleum industry equipment and products;
- Communications and office equipment;
- Agricultural machinery;
- Leisure and camping products; and
- Engineering equipment and services.

Participation in specialised trade displays in Australia is generally as expensive as those in other developed countries. The advantages offered by these displays include extensive advertising and promotion, generally good attendance by buyers and the fact that a number of potential customers may also by exhibiting.

Individual Country Displays

An individual country display can be a useful way for overseas exporters unfamiliar with Australia to test their products in the market. Such displays can also assist overseas countries to promote their supply capabilities to the Australian import community.

It is, however, very important to properly plan such a display. An increasing number of importers will not be keen to visit an individual country display unless they believe the exhibitors have something worthwhile to offer.

In the competitive Australian market importers do not want to "waste their time" on attending a display of relatively expensive products which are unsuited to the market.

When planning an individual country display it is vital to undertake market research before selecting those exhibitors and products with the potential to compete in Australia.

Without such careful planning and effective promotion, individual country displays will not be as successful as they might otherwise be in assisting exporters to penetrate the Australian market.

Buying Missions

One of the most successful trade promotion activities undertaken by several countries has been a programme of inward missions of interested Australian buyers to meet with exporters in their country.

This approach has usually proved successful because the buyers will not confirm their orders until they have personally inspected the supplier's operations and they will be attracted to visit the particular country if they believe there will be a prearranged programme of appointments. It is usually most successful when it follows a promotional activity in Australia and the buyers have had preliminary discussions with exporters from that country.

But once again, the real success will depend on careful planning. There is no point in bringing buyers to meet with suppliers who do not produce what they require, nor is it worthwhile for them to meet with uncompetitive exporters, as this gives the impression that all suppliers in that country are uncompetitive.

Image in the Market

In a small market like Australia the most useful trade promotion tool is for exporters from a particular country to be successfully dealing with Australian importers.

As soon as products from a new supplying country begin to make their presence known in the market, other importers become far more interested in seeing what opportunities there may be for them.

Most importers in Australia know their competitors and are aware of any new products they are handling - in the competitive Australian market importers and retailers cannot afford to let their competitors gain any advantage.

On the other hand, most of the importers and retailers soon learn of difficulties being experienced with products from particular countries and this will influence their buying decisions.

The message for overseas suppliers is that while success in the market leads to increased interest from other importers, (and is, in fact, the best form of advertising) problems with even one supplier can make a large number of Australian importers very cautious about dealing with other exporters from that country.

Product Profiles

A brief summary on the Australian Market for Machinery & Equipment is as follows :

Machinery and Equipment

The Australian engineering, automotive, foods processing and mining industries are well developed and have become internationally competitive. They do, however, rely on specialised imported machinery and equipment for most of their needs - the relatively small size of the Australian market means that local production of specialised machinery is not feasible.

The main imports of machinery and equipment in 2002-03 were :

	A$ million FOB
Passenger Motor Cars	10,282
Aircraft and Associated Equipment	5481
Telecommunications Equipment, n.e.s.	4239
Motor Vehicles for Transporting Goods	2887
Motor Vehicle Parts	2311
Electrical Machinery, n.e.s.	1894
Measuring and Controlling Instruments	1879
Internal Combustion Piston Engines	1696
Civil Engineering Equipment	1540
Heating and Cooling Equipment	1521
Pumps for Gas	1371
Specialised Machinery	1017

Australian manufacturers of metalworking and other types of commonly used machinery will provide strong competition to new overseas suppliers.

The major overseas suppliers of the more sophisticated machinery and equipment are Japan, USA, Germany, France, Italy, UK, Sweden, Korea, Finland and Taiwan. Office machines are imported mainly from China, Japan, Germany, Singapore, UK and USA. Countries such as Malaysia are making increasing inroads into this segment of the market. Principal suppliers of computers are China, Malaysia, USA, Singapore, and Taiwan.

New overseas suppliers of industrial machinery will find that the Australian end-user will be most concerned about quality, the effective life span of the machinery, and the availability of spare parts rather than the price. Several low cost overseas suppliers have tried to enter the market with inexpensive machinery but Australian companies now feel it is better to go for "value for money" as a long-term investment.

There is also considerable brand loyalty in the office machine segment.

Success in the Australian market for machinery and equipment will depend on identifying market niche opportunities. A key element of the restructuring of Australia's industrial sector has been improved productivity and lower labour inputs and this usually means substantial investment in the most up-to-date machinery. Nonetheless there are opportunities for manufacturers in developing countries to supply cost effective machinery and equipment to Australia. This will require detailed research and a visit to the market to identify these particular opportunities.

Motor Vehicles and Parts

Although General Motors, Ford, Mitsubishi and Toyota manufacture cars in Australia, imports of passenger motor vehicles rose 14.8% to A$ 10.282 billion in 2002-03.

The major sources of passenger car imports were Japan (A$ 5.88 billion), Germany (A$ 1.643 billion), USA (A$ 452 million), South Africa (A$ 447.6) and Korea (A$ 447.1 million).

Imports of motor vehicles for transporting goods increased 13.5% to A$ 2.887 billion in 2002-03 and were dominated by imports from Japan and Thailand with other important sources being USA, Germany and Brazil.

Imports of auto parts were valued at A$ 2.311 billion in 2002-03 with major sources being Japan, USA, Germany, Sweden and Taiwan.

Telecommunications Equipment

In 2002-03, imports of telecommunications equipment were valued at A$ 4.239 billion.

Major sources of telecommunications equipment imports included Korea (A$ 859 million), USA (A$ 757 million), China (A$ 493 million), Sweden (A$ 242 million), and Japan (A$ 207 million).

People to Contact

For further information or assistance with a closer look at the Australian market, inquiries should be directed in the first instance to the relevant export promotion agency or the commercial representative in Australia of the supplier' country.

Chambers of Commerce in each Australian State or Territory can also assist with information, advice and contact lists and introductions to Australian importers, distributors and regulatory authorities.

Contact Address :

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Chamber of Commerce and Industry of Western Australia
180 Hay Street, East Perth, WA 6004
PO Box 6209, East Perth, WA 6892
Australia
Tel. : (61 8) 9365 7555
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Note :

All values in this report are in Australian Dollars (A$). The rate as on January 2004 A$ 1.00 = US$ 0.7699

Trade Statistics in this report are sourced from the Australian Bureau of Statistics (ABS) and the Department of Foreign Affairs and Trade.

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