

U.S. Country Commercial Guides



Australia

2017

Table of Contents

<i>Doing Business in Australia</i> _____	7
Market Overview _____	7
Market Challenges _____	9
Market Opportunities _____	9
Market Entry Strategy _____	10
<i>Political Environment</i> _____	11
Political Environment _____	11
<i>Selling US Products & Services</i> _____	12
Using an Agent to Sell US Products and Services _____	12
Establishing an Office _____	13
Franchising _____	15
Direct Marketing _____	15
Joint Ventures/Licensing _____	16
Selling to the Government _____	18
Distribution & Sales Channels _____	19
Express Delivery _____	19
Selling Factors & Techniques _____	19
eCommerce _____	19
Overview _____	19
Current Market Trends _____	20
Domestic eCommerce (B2C) _____	20
Cross-Border eCommerce _____	20
eCommerce Services _____	21
eCommerce Intellectual Property Rights _____	21
Popular eCommerce Sites _____	22
Online Payment _____	22
Mobile eCommerce _____	22
Digital Marketing _____	22
Major Buying Holidays _____	23
Social Media _____	23
Trade Promotion & Advertising _____	23
Pricing _____	24
Sales Service/Customer Support _____	25
Protecting Intellectual Property _____	25
Due Diligence _____	25
Local Professional Services _____	26

Principle Business Associations	26
Limitations on Selling US Products and Services	27
Web Resources	27
<i>Leading Sectors for US Exports & Investments</i>	28
Agricultural Sector	28
Overview	28
Leading Sub-Sectors	29
Agriculture Equipment	30
Overview	30
Leading Sub-Sectors	34
Opportunities	34
Web Resources	35
Aircraft & Parts	36
Overview	36
Leading Sub-Sectors	37
Opportunities	38
Web Resources	39
Automotive Parts/Aftermarket	40
Overview	40
Web Resources	43
Building & Construction	43
Overview	43
Leading Sub-Sectors	45
Opportunities	45
Web Resources	46
Trade Shows	46
Cosmetic & Toiletry Preparations	46
Overview	46
Leading Sub-Sectors	47
Opportunities	48
Web Resources	48
Defense (Defence in Australian)	49
Overview	49
Leading Sub-Sectors	52
Opportunities	52
Web Resources	53
Franchising	54
Overview	54
Leading Sub-Sectors	54
Opportunities	55
Web Resources	55
Information & Communication Technology	56
Overview	56
Leading Sub-Sectors	57
Web Resources	58

Trade Shows	58
Medical Equipment	59
Overview	59
Leading Sub-Sectors	60
Opportunities	61
Web Resources	61
Mining	61
Overview	61
Leading Sub-Sectors	63
Opportunities	63
Web Resources	64
Oil & Gas	64
Overview	64
Leading Sub-Sectors	66
Opportunities	66
Web Resources	67
Trade Shows	67
Recreational (Marine) Transportation	68
Overview	68
Australian Marine Industry	70
Leading Sub-Sectors	70
Opportunities	70
Web Resources	71
Smart Grid	71
Overview	71
Leading Sub-Sectors	72
Energy Storage	73
Opportunities	73
Web Resources	74
<i>Customs, Regulations & Standards</i>	75
Import Tariffs	75
Trade Barriers	76
Import Requirements and Documentation	77
Labeling/Marking Requirements	80
US Export Controls	81
Temporary Entry	83
Prohibited & Restricted Imports	84
Customs Regulations	86
Trade Standards	86
Trade Agreements	91
Licensing requirements for Professional Services	92

Web Resources	93
<i>Investment Climate Statement</i>	94
Executive Summary	94
Openness To, and Restrictions Upon, Foreign Investment	96
Policies Towards Foreign Direct Investment	96
Limits on Foreign Control and Right to Private Ownership and Establishment	96
Other Investment Policy Reviews	97
Business Facilitation	97
Outward Investment	98
Bilateral Investment Agreements and Taxation Treaties	98
Legal Regime	99
Transparency of the Regulatory System	99
International Regulatory Considerations	100
Legal System and Judicial Independence	100
Laws and Regulations on Foreign Direct Investment	101
Competition and Anti-Trust Laws	102
Expropriation and Compensation	102
Dispute Settlement	103
Bankruptcy Regulations	103
Industrial Policies	104
Investment Incentives	104
Foreign Trade Zones/Free Ports/Trade Facilitation	105
Performance and Data Localization Requirements	105
Protection of Property Rights	105
Real Property	105
Intellectual Property Rights	105
Financial Sector	106
Capital Markets and Portfolio Investment	106
Money and Banking System	107
Foreign Exchange and Remittances	107
Sovereign Wealth Funds	108
State-Owned Enterprises	109
Privatization Program	109
Responsible Business Conduct	109
Corruption	110
Political and Security Environment	113
Labor Policies and Practices	113
OPIC and Other Investment Insurance Programs	114
Foreign Direct Investment and Foreign Portfolio Investment Statistics	114
Contact for More Information	116
<i>Trade & Project Financing</i>	117

Methods of Payment _____	117
Banking Systems _____	118
Foreign Exchange Controls _____	119
US Banks & Local Correspondent Banks _____	119
Project Financing _____	120
Financing Web Resources _____	122
<i>Business Travel</i> _____	125
Business Customs _____	125
Travel Advisory _____	125
Visa Requirements _____	125
Currency _____	126
Telecommunications/Electric _____	126
Transportation _____	127
Language _____	128
Health _____	128
Local Time, Business Hours and Holidays _____	128
Temporary Entry of Materials or Personal Belongings _____	129
Travel Related Web Resources _____	130

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Doing Business in Australia

Market Overview

Total U.S. – Australia bilateral trade of goods and services in 2016: USD61.8 billion²

U.S. exports of goods and services to Australia in 2016: USD44.5 billion²

U.S. goods exports to Australia in 2016: USD22.4 billion²

U.S. services exports to Australia in 2015: USD22.1 billion²

Australia's rank as a U.S. export market in 2017: 17th largest³

World Bank Ease of Doing Business 2016 Rank: 15 of 189 (13 in 2015)⁴

Australia is the world's 12th largest economy⁵ with a GDP of USD1.26 trillion.⁶

Australia – U.S. Free Trade Agreement (AUSFTA) has significantly stimulated U.S.-Australian trade and investment since its inception in 2005.

This year Australia is expected to surpass the world record for the longest period of uninterrupted economic growth, 26 years, currently held by the Netherlands. Australia's GDP grew by 3.3 percent in 2016 and is anticipated to grow by 3 percent in 2017. Australia's growth continues to exceed the Organization for Economic Co-operation and Development (OECD) average despite the economy transitioning to broader-based growth following the end of the resources boom in 2015. The start of 2017 has seen strong signs of recovery and growth. With few barriers to entry, a familiar legal and corporate framework, sophisticated consumer and industrial sectors, and a straightforward, English-speaking business culture, Australia remains a vibrant and important pro-U.S. market for American goods and services.

¹ Source: [Reserve Bank of Australia](#)

² Source: [Bureau of Economic Analysis](#)

³ Source: Trade Policy Information System, International Trade Administration

⁴ Source: [World Bank Indicator](#)

⁵ Source: [World Bank GDP Rankings](#)

⁶ Source: [Australian Bureau of Statistics](#)

Australia welcomes foreign investment as an essential contributor to economic growth and productivity. The United States is Australia's largest foreign investor – with investment as of 2015 valued at \$860.3 billion U.S. dollars. Around 1,000 American companies operate in Australia in a wide variety of sectors. U.S. direct investment in Australia is led by mining, finance and insurance, and manufacturing sectors.

Since coming into force on January 1, 2005, the AUSFTA has reduced investment thresholds, provided greater intellectual property protection, and fostered greater two-way investment, a result of the AUSFTA, over 99 percent of U.S. exports now enter Australia duty-free. In accordance with tariff eliminations agreed as part of the AUSFTA, a number of changes occurred on January 1, 2015 in line with the 10th anniversary of the agreement coming into force. There was an increase in the duty-free tariff rate quotas for Australian exports of beef, dairy, tobacco, wine, cotton, peanuts, and avocados, and the remaining Australian tariffs on textiles and apparel were removed.

Source: [Bureau of Economic Analysis](#)

Australia has a well-established legal system for litigation and arbitration. The country is a world leader in the development and provision of dispute resolution mechanisms, and is a signatory to all the major international dispute resolution conventions. Australia has an AAA international credit rating with a well-developed, sophisticated financial market, regulated in accordance with international norms. Australia's four leading banks are highly ranked in terms of financial security and international rankings.

Australia has a large services sector, and is a world leader in mineral and LNG extraction and food production. Australia's abundant and diverse resources attract

high levels of foreign investment, and include extensive reserves of coal, iron ore, copper, gold, natural gas, uranium, and renewable energy sources.

Market Challenges

Australia's remote location from the United States is often cited as the single most significant non-tariff barrier to trade.

American companies may find that Australian and third-country competitors in Australia have some long-established brands with strong reputations and well-established 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.

The business community is increasingly concerned over the Australian Government's recent decision to end 457 work visas for non-Australians, and how this policy is going to impact critical foreign employees of businesses in country.

Healthcare companies are concerned about Australian Government-imposed price cuts impacting pharmaceuticals and medical devices in country.

Market Opportunities

Australia is a pro-U.S. market and the United States is a major supplier of transportation equipment, machinery, chemicals, electronic products, fabricated metal products, processed foods, electrical equipment, plastics, rubber, primary metal products, and agricultural products and equipment.

Leading prospect sectors related to these broad categories include defense, aircraft and parts, automotive parts, building products, cloud computing, medical equipment, mining equipment, oil and gas equipment, smart grid technology, recreational marine transportation, and cosmetics and are detailed. Attractive service sectors for U.S. exporters include: financial services, healthcare, information technology services, travel and tourism, and franchising.

Market Entry Strategy

A common language and familiar business framework may lead Americans to overlook Australia's cultural and market differences. It is vital for a U.S. product or good's success 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.

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 in markets throughout the world are also applicable to Australia, with expectations adjusted to the scale of the market given the population of 24 million. Performing due diligence is just as important in Australia as in the United States, and the Commercial Service in Australia offers resources to assist in this area.

Political Environment

Political Environment

For background information on the political and economic environment of the country, please click on the link to the [U.S. Department of State Background Notes](#)

Selling US Products & Services

Using an Agent to Sell US Products and Services

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, does not require indemnity payments.

Parties may stipulate specific causes for termination in the agreement. Either party may terminate the agreement upon receipt of reasonable notice. 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 retailers. Generally, a foreign corporation cannot restrain a distributor from selling

competitors' products. Australian distributors often ask for exclusive geographic rights to market a foreign corporation's products. Due to the size of the market, Australian distributors often request nationwide exclusivity.

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.

For many products the use of an agent or distributor is not legally required. However, there are products such as dangerous goods that can only be brought into Australia through an import permit or license. Other products like cosmetics may need an importer/introducer to ensure compliance with regulatory requirements.

Establishing an Office

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 Australian state, and the same rules apply for local and overseas companies.

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.

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) as well as possibly registering for the Goods and Services Tax (GST).

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 [ATO](#) and the [Australian Government's Business Entry Point](#).

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 and can be filed in any city.

Franchising

Franchising is well-established in Australia with more franchising outlets per capita than in any other country, and three times more per capita than in the U.S. For information on franchising please refer to the best prospects section under Leading Sectors for U.S. Exports & Investments.

Direct Marketing

Advancements within the telecommunications industry and technological developments associated with database applications have resulted in significant growth in the direct marketing industry. 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). 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 Register's regulations include charities, government bodies, religious groups, educational institutions, and registered political parties.

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 customer relationship management systems have also leveled the playing field for small businesses that would like to inform customers about the company's new deals.

The Association for Data-driven Marketing and Advertising ([ADMA](#)) 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

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, oil, and gas industries. The joint venture document usually expresses the limitations and conditions of the JV so that a broader partnership is not implied. The application of partnership laws comes with other tax and liability implications.

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 JV 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 and they are rarely used in Australia. 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.

They can also be created to suit the needs of the particular participants. For example, one participant in an unincorporated JV could be the trustee of a unit trust, while one shareholder in an incorporated JV 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

Australia’s public procurement is estimated to account for 15–18 percent of GDP. Australian federal, state and local government agencies remain significant purchasers of goods and services. Under the U.S. and Australia Free Trade Agreement (AUSFTA) federal and state-based government purchasing entities may not:

- (a) treat a locally established supplier less favorably than other locally established suppliers on the basis of degree of foreign affiliation or ownership; nor
- (b) discriminate against a locally established supplier on the basis that the goods or services offered by that supplier for a particular procurement are goods or services of the other party.

The AUSFTA permits the use of three procurement methods: open tendering; select tendering (referred to as ‘multi-use lists’); and limited tendering.

While federal and state-based entities cannot favor Australian-made goods over U.S.-made goods, it is still critical for U.S. suppliers to establish a physical presence in the market to be able to address critical buying factors such as delivery and after sales service.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to “Project Financing” Section in “Trade and Project Financing” for more information.

Distribution & Sales Channels

Distribution channels tend to be less industry sector-focused than those in the U.S. Australian distributors are often open to exploring new industry channels and product applications. 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.

Express Delivery

The courier pick-up and delivery services market in Australia is efficient and very well developed. Major players include Toll, FedEx, Star Track Express (owned by Australia Post), DHL and UPS. These major players do not hold significant market share as there are an estimated 12,000 businesses operating within this sub-sector. Express shipping from the U.S. to Australia can take between 3-5 working days. Priority mail can take between 7-10 working days.

Selling Factors & Techniques

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. Australian distributors can struggle to compete against online retailers so it is very important for U.S. companies to work out their wholesale discounts that can be offered to a partner. Margins also tend to be higher in Australia than they are in the U.S.

eCommerce

Overview

In 2016 Australians spent approximately USD 16.3 billion (AUD 22 billion) on online purchases. This equates to about seven percent of spending in bricks and mortar stores. It is predicted to grow at an annual rate of nine percent to reach USD 20.7 billion (AUD 28 billion) by 2022. Leading Australian eCommerce platforms include eBay, Gumtree, and Catch of the Day. Leading Australian retailers include JB HiFi, Kogan, SurfStich, the Iconic and Appliances Online.

The Amazon and Alibaba platforms are significant eCommerce operators in this market. In 2016, Amazon and Alibaba both announced plans to set-up fulfillment centers in Australia to service Australia and New Zealand. (In March, 2017 Alibaba opened its warehouse in Melbourne, Australia.) This will provide significant competition to the local leading eCommerce platforms and retailers.

Current Market Trends

According to a recent survey carried out by the National Australia Bank (NAB) entitled Online Retail Sales Index, over a 12-month period to December 2016, the fastest growth sectors included takeaway food (CAGR 34%), and media (books, music, films and videos 20.5%). The biggest share of spending by category is homeware and appliances (19.6% of total online spending). Other leading segments include fashion (16%), media (17.2%), groceries (17%), personal (9%), food (6.4%) and toys (3.9%).

Domestic eCommerce (B2C)

Over 40% of all B2C transactions take place on eCommerce platforms such as eBay, Amazon (USA), and Gumtree. The remainder of B2C eCommerce takes place at the individual company website. With over 13 million active Facebook users in Australia, social media is also a big driver in the promotion of B2C transactions. Retailers are driving sales through a mix of shop and online promotions or “multi-channel”. The finance industry is a major driver with the large four Australian banks providing a range of cutting-edge tools for accessing accounts, and paying bills and making mobile transactions. B2B sales are somewhat more fragmented with less reliance on eCommerce platforms for trading.

Cross-Border eCommerce

In 2016, about 70 percent of Australian digital consumers purchased products from overseas buyers in the U.S. (40% of shoppers), China (32%), and U.K. (22%). These purchases are generally made due to increased product offerings from overseas suppliers and cheaper prices. Another significant driver is the present Goods and Sales Tax (GST) of around USD 742 (AUD 1,000) which means that imported products

with a value of less than around USD 742 (AUD 1,000) enter Australia GST free. Australian retailers on the hand are obliged to charge a GST of 10 percent of the value of any consumer good. However, it does seem that the majority of online shoppers prefer to buy from local etailers. The recent NAB Online Retail Sales Index suggests that of overall spending, international sales account for 20% share. The largest two market segments for international shopping are fashion items (34 % sourced from international sellers) and electronic products and toys (50% from international sellers).

eCommerce Services

Major fulfillment service providers in the local market include Australia Post, DHL, FedEx, TNT, Toll Pack and Send and Fastway

eCommerce Intellectual Property Rights

Over 10 years ago Australia and the U.S. entered into a Free Trade Agreement (FTA).

Chapter 17 of the FTA deals with intellectual property rights, including:

- commitments to reduce differences in law and practice and participate in international harmonization efforts with respect to trademarks (article 17.2.11)
- an increase in the duration of copyright protection, for individuals to the life of the author, plus 70 years (currently 50 years), with similar increases for corporations (17.4.4)
- strengthened protection and remedies against the circumvention of technological measures used by authors and others to restrict access to their work (17.4.7), such as coding of CDs to restrict how and where they might be used
- protection of encrypted program-carrying satellite signals, thereby extending the present regime to include foreign and other transmissions not now covered by the Broadcasting Services Act 1992 (17.7) and to criminalize end-users of unauthorized decryptions, and

- additional remedies for copyright infringements.

AUSFTA included provisions to enhance the ability of patent owners to prohibit international exhaustion of patent rights. This refers to article 17.9.4, which reads:

Each Party shall provide that the exclusive right of the patent owner to prevent importation of a patented product, or a product that results from a patented process, without the consent of the patent owner shall not be limited by the sale or distribution of that product outside its territory at least where the patentee has placed restrictions on import by contract or other means.

[Parliament of Australia](#)

Popular eCommerce Sites

Popular eCommerce sites in Australia include Ebay, Gumtree, Amazon, Catch of the Day, Kogan, JB HiFi, The Iconic, Temple & Webster, Appliances Online, and Amazon (USA).

Online Payment

Approximately 70 percent of all online payments are made using credit and debit cards. PayPal represents 30 percent % of online transactions in Australia

Mobile eCommerce

Mobile eCommerce represents a significant opportunity in the local market. With mobile penetration at close to 100 percent, mobile payments and purchasing is a major strategy for all retailers. Australians are expected to increase their spending on mobile devices by 50% this year to USD 7.7 billion (AUD 10.4 billion).

Digital Marketing

The fastest growing segments in the Australian online advertising market are mobile and online video, and both are expected to outperform the market significantly over the next five years. Mobile advertising, for example, is forecast to grow at a Compound Annual Growth Rate (CAGR) of 39 per cent between 2013 and 2018, while video advertising is expected to grow at 31 per cent.

According to a recent survey, less than one-third of retailers rate their eCommerce/digital strategy highly as best practice and key to driving sales. Nonetheless, around half of retailers consider their eCommerce/digital strategy as moderately in line with best practice and a driver of sales.

On average, retailers report that 53% of their advertising budget is allocated to online media. 42% of retailers also report that this advertising budget allocation is expected to change in the next 12 months.

Major Buying Holidays

Christmas is a big driver for online sales, as well as Boxing Day (December 26), Easter, Mother's Day (second Sunday of May each year), Father's Day (first Sunday in September each year), Valentine's Day and Click Frenzy (set up to mimic Cyber Monday).

Social Media

Social media is an important part of online advertising in the local market. Most companies see social media as a method for increasing brand awareness, advertising and promotions and generating sales. With over 13 million users, Facebook and YouTube are the two most used mediums for product promotion. Other leading sites include WordPress, Tumblr, LinkedIn, BlogSpot, Twitter, Instagram, TripAdvisor, Yelp, Snapchat and Pinterest.

Trade Promotion & Advertising

U.S. companies can promote their products by advertising in established broadcast, print and digital media outlets such as major newspapers, industry magazines, trade association newsletters, and websites. 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.

Pricing

The Australian market requires that companies be price competitive, expect lower profit margins, and expect sales of smaller quantities.

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 in some cases; a 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. The cost of living is generally higher in Australia, and this is coupled with higher wages.

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 high-volume businesses particularly in the B2C eCommerce sector 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.

Sales Service/Customer Support

Generally, doing business in Australia is straightforward 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 and sea freight are commonly used. Where necessary, U.S. firms should ensure that their representatives can service the imported equipment or that there are service arrangements in place.

Protecting Intellectual Property

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

Due Diligence

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.

The U.S. Commercial Service – Australia provides the International Company Profile (ICP) 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 can also visit the company premises to interview principals in the Sydney, Canberra, and Perth metropolitan areas.

Another avenue is the [Australian Securities and Investments Commission](#), (ASIC), 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 from managing a company.

Local Professional Services

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](#).

Principle Business Associations

[American Chamber of Commerce in Australia](#)

[Australian Industry Group](#)

[Australian Institute of Management](#)

[Business Council of Australia](#)

[Business South Australia](#)

[Chamber of Commerce & Industry Queensland](#)

[Chamber of Commerce and Industry Western Australia](#)

[Export Council of Australia](#)

[Institute of Management Consultants](#)

[New South Wales Business Chamber](#)

[Small Business Association of Australia](#)

[Tasmanian Chamber of Commerce & Industry](#)

[Victorian Employers' Chamber of Commerce and Industry](#)

Limitations on Selling US Products and Services

Australia is an open and transparent market. There are no manufacturing or service sectors where only citizens are allowed to own or sell.

Web Resources

[The Australian](#)

[Australian Bureau of Statistics](#)

[Australian Business Register](#)

[Australian Competition and Consumer Commission](#)

[Australian Direct Marketing Association](#)

[The Australian Financial Review](#)

[Australian Securities and Investment Commission](#)

[Australian Taxation Office](#)

[ATO: Business Entry Point](#)

[Australian Trade Commission](#)

[Business Review Weekly](#)

[The Canberra Times](#)

[Courier Mail \(Brisbane\)](#)

[FedEx](#)

[Franchise Council of Australia](#)

[IP Australia](#)

[Reed Exhibitions Australia](#)

[The Sydney Morning Herald](#)

[The West Australian](#)

Leading Sectors for US Exports & Investments

Agricultural Sector

Overview

In April 2017, Australia and the United States signed a bilateral [Food Safety Recognition Agreement](#). The agreement is the third the United States has undertaken with a trading partner and allows both countries to recognize one another's food safety and regulatory systems as comparable. The agreement was signed by the USA's Food and Drug Administration and the Australian Department of Agriculture and Water Resources and will result in fewer in-country audits; with compliance being managed by the exporting country.

The agreement is expected to greatly simplify US exports to Australia and Australian exports to the USA through greater reliance on Australian food control systems that ensure the production of safe food. Not all foods are included in this agreement, but most canned foods, seafood, dairy products, fresh fruit and vegetables, fruit juices, confectionary and baked goods are in scope. Both Australia and the USA continue to regulate foods such as meat, egg products, shellfish and dietary supplements and more stringent requirements continue to apply.

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). According to Global Trade Atlas data, Australian imports of U.S. agricultural, forestry and fishery products in CY 2016 were valued at over USD 1.39 billion. The nature of agricultural products imported from the United States to Australia consists mainly of consumer-oriented (which includes fresh fruit) and intermediate food products (USD 1.06 billion and USD 175.5 million respectively in CY 2016). The U.S. is the 2nd largest supplier of agricultural products to the Australian market.

The United States faces stiff competition in this market from New Zealand, European and Canadian suppliers, as well as from specialty suppliers in 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.

Leading Sub-Sectors

- 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.
- The **health foods** category continues to increase in value and in 2016 was valued around USD 360 million (AUD 485 million).
- In the **cold beverages** category, sweetened products continue to fall in value but the **non-sweetened product** segments remain buoyant. The **mineral waters** category grew by 11% in 2016 to be valued around USD 115 million (AUD 156 million). The **still water** category also grew by 11% and the **lifestyle drinks** category grew by 10% to

be valued at USD 350 million (AUD 472 million) and USD 386 million (AUD 521 million) respectively.

To view individual commodity reports produced by the Foreign Agricultural Service please go to the following website: [Foreign Agricultural Service](#).

Agriculture Equipment

Overview

Unit: USD Thousands

	2014	2015	2016	2017 (Estimated)
Total Local Production	1940	1460	1410	1380
Total Exports	290	210	205	195
Total Imports	1530	1300	1420	1570
Imports from the US	870	775	730	650
<u>Total Market Size</u>	3180	2550	2625	2755

Data Sources: Industry estimates and analysis from the Tractor and Machinery Association of Australia and IBISWorld Australia as well as tariff and trade data from the U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division. Trade Policy Information System (TPIS) Database; USHS EXPORTS, Revised Statistics for 1989-2015, Unrevised for 2016-2017. Data retrieved as at 6 May 2017.

2016 was an extremely good year for the Australian tractor and machinery industry. Tractor sales across Australia in 2016 grew to 11,720 – a modest 2% increase on 2015. This was seen by the industry as a remarkable result and was the 6th consecutive year that tractor sales exceeded 10,000 units. This last occurred in the 1980s and the 2016 sales figure is the second highest on record, exceeded only by 12,531 new tractor sales recorded in 2005. Favorable growing conditions, record harvests, significant shortages of used

equipment stock, low interest rates and a need for technology have driven this demand. A new all-time tractor sales record could be set in 2017.

What is also evident is that despite improved growing conditions the domestic agricultural machinery manufacturing sector continues to struggle and it is imported machinery that is making significant inroads on the market.

Combine harvester sales grew for the third year in a row to 867, a 22 % increase on 2015 and far exceeded the six year average of 700+ units delivered. Indeed it is regarded as 'changeover' time since it has been six years since the last big demand for combines and good growing conditions add to the likelihood of higher sales. Over 1000 units were sold in both 2011 and 2012 and some industry pundits are forecasting that 2017 could approach that level i.e. around 950. The Australian market is regarded as volatile but also robust and in an expansionist phase.

This followed growth of 10% in the Australian agricultural machinery market in 2015, maintaining a resilient Australian market for nearly all product categories. Imports satisfied an estimated 56% of domestic demand and US suppliers constituted about 46% of total imports, with Canada supplying a further 6%.

Australia is the largest export market for U.S.-manufactured agricultural equipment outside North America. It ranks second to Canada as a buyer of US-made combine harvesters and tractors. Whilst US exports peaked in 2012 on the back of record numbers of combine harvesters sold, they have since steadily clawed their way back. The U.S. Association of Equipment Manufacturers estimates exports to Australia peaked at USD 1.2 billion in 2012 but had declined to USD 353 million in 2016. It is difficult to correlate these figures with actual sales in Australia, especially given that larger

tractors and combine harvesters in particular are of US origin. In recent years reduced sales of combine harvesters and a marked downturn in the Australian mining and construction sectors all contributed to a fall in exports of 'agricultural' equipment to Australia. However sales suggest US exports should be rising – not falling. US industry traditionally holds over 50% share of imported agricultural machinery but this has been challenged recently by competition from Asia and Europe; in certain product categories, such as smaller horsepower tractors; and within the hobby farmer / rural lifestyle community. Latest figures indicate US market share has dropped to 45.9%.

Agricultural equipment is sold via a steadily decreasing network of dealers estimated to number below 600 as of 2016. Dealers were down to 604 in 2013 of which 59% or 354 were part of groups with two or more outlets. John Deere and Case IH are the two leading dealerships by number and sales. Distribution channels are much more concentrated than in past years (there were 2,500 dealers in the late 1990s). Single dealerships once predominated but no longer; and overseas dealers are moving into the market. Combine harvester sales have experienced boom, halving of sales and recovery all within a four year span. However that rollercoaster ride is not typical of the wider industry which has continued to grow.

End-users are drawn from approx. 130,000 commercial farms in Australia generating gross farm production in 2009 – 2010 of USD 36 billion (AUD 48.7 billion). Of this total, around 60 percent or USD 24.1 billion (AUD 32.5 billion) was exported. Fisheries, forestry and other agriculture lifted that export figure to AUD 36.2 billion. Major farm exports in 2010 – 2011 in billions AUD were wheat (5.5), beef and veal (4.3), wool (2.4) and wine (2.0) and dairy (1.6). Nuts are an emerging success story.

Measurable sales of new agricultural machinery in 2012 (most recent available) exceeded USD 1.3 billion (AUD 1.8 billion) but that figure was

estimated (by Australian agribusiness data reporting and analysis company Agriview Pty Ltd.) to double to USD 2.6 billion (AUD 3.6 billion) when other new products, used machinery and parts and service were included. Record equipment sales in 2011 and 2012 meant that a downturn was expected for combine harvesters in particular but this expectation has been exceeded in all respects as various equipment categories register strong sales and ongoing growth and even combine harvesters stage significant growth. US exporters would be well advised to take a fresh look at Australia and ramp up their marketing efforts, as this is an agricultural machinery market on the move. That said, some of that growth has occurred in areas where non-US suppliers have a higher market share, such as small horsepower tractors, hay balers and tillage equipment.

Baler sales achieved their best result since 2011 and five years of continuous growth with sales reaching 943 units, a 15.8 % increase over 2015 and hay tools sales were steady, with round balers comprising 65% of the 800 units delivered across Australia. Tillage equipment and mowers also performed strongly. Perhaps the one key weakness in demand came from hobby farmers and 'tree changers'. The rest of the agricultural machinery market demonstrated continued resilience and growth.

Whilst machinery importers would prefer a higher-valued currency, national policy has been to argue for a lower exchange rate. The Australian dollar has hovered around 75 cents US in early 2017.

With the signing of free trade agreements with Korea, Japan and China and the expectation that Australian agribusiness will be a prime beneficiary, there is considerable anticipation that machinery sales will lift noticeably to help meet increased demand. There is also a national initiative to develop the agribusiness potential of Northern Australia – a region roughly one-third the size of the 48 contiguous US States – and this will in due course impact on equipment sales.

Agricultural robots will be operating on large-scale Australian farms within five years, according to the Australian Centre for Field Robotics, the largest field robotics and intelligent systems group in the world. Robots are forecast to monitor crop conditions, stock location and welfare, animal tracking, weed and pest maintenance, and harvest tree crops and vegetables. UAVs are already in use.

In terms of agricultural activities driving equipment purchases, key industries to watch are cotton, stock feed, and nuts. Dairy has recently struggled after seeming set to boom. Broad acre grains sector may also face tougher competition from other countries, such as the Ukraine. However, overall sales of agricultural machinery are strong and growing. US exporters should consider increasing their marketing activity in Australia and focus on one or more of its major farm shows (field days)

Leading Sub-Sectors

Combine harvesters, large horse power tractors, balers, Irrigation equipment, tillage equipment and UAVs

Opportunities

A key avenue for promoting and selling equipment is to exhibit at field days (agricultural machinery shows) events. A listing is available online at [Australian Farmers and Dealers Journal](#)

US exporters should seriously consider attending and preferably exhibiting, where appropriate with an Australian distributor. These range in size from the largest being comparable to Big Iron in Fargo, to smaller specialized or regional events. Which event(s) is best for US exporters depends on the nature of the product and end-users. In general terms, events like AgQuip, Henty, Elmore, Lowerin and Farm Fest are the larger shows.

A detailed profile of Australian agriculture is available online as NFF Farm Facts 2012. This was prepared by the National Farmers Federation (NFF), an

industry organization.

[National Farmers Federation](#)

The Australian Government is actively supporting a role for Australia as the “food bowl of Asia.” It has in recent years secured free trade agreements with Korea, Japan, and China. Australia is also separately pursuing free trade agreements with India, Hong Kong and the European Union. Early consideration is also being given to a future trade agreement with the United Kingdom post-Brexit.

Northern Australia is being considered for large scale agricultural expansion, requiring major investment in infrastructure including water storage and distribution, as well as on-farm equipment needs. The Australian Government is progressing this initiative as a national priority.

[Web Resources](#)

[Best prospects report Agricultural Equipment](#)

[Association of Agricultural Field Days of Australasia](#)

[Australian Bureau of Agricultural and Resource Economics and Science \(ABARES\)](#)

[Australian Nut Industry Council](#)

[Dairy Australia](#)

[Department of Agriculture](#)

[FarmOnline \(rural news\)](#)

[Farmyard \(field days directory\)](#)

[Irrigation Australia \(industry association\)](#)

[National Farmers Federation \(industry association\)](#)

[Tractor and Machinery Association](#)

Aircraft & Parts

Overview

Unit: USD Thousands

	2014	2015	2016	2017 (Estimated)
Total Local Production	3330	2800	2840	3000
Total Exports	1502	1354	1480	1520
Total Imports	2552	3185	3265	3700
Imports from the US	2360	2885	2365	3000
<u>Total Market Size</u>	4380	4631	4625	5180

Data Sources: Global Trade Atlas, IBISWorld Australia, Australian aviation industry estimates and analysis as well as tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission. Data retrieved as at 7 May 2017.

Australia is a major buyer of US aircraft parts (HS8803, USD 494 million, 4th largest); powered aircraft (HS8802, USD 860 million, 3rd largest); helicopters > 2000kg (HS880212, USD 567 million, 2nd largest) and overall for aircraft, spacecraft and parts thereof (HS88, USD 2365 million billion, 17th largest). Aircraft manufacturing and repair services in Australia generate revenue of USD 3 billion – including exports of USD 1.5 billion. Boeing Australia has the leading local market share at 26.6% with revenue of approx. USD 742 million (AUD 1 billion). Boeing maintains its largest presence outside of the United States in Australia.

The US is the leading source for all of the above categories of imported aircraft and parts into Australia, supplying nearly all of Australia's military requirements and 60% of Australia's civilian needs - thereby linking Australia closely to U.S. standards, suppliers, parts, and finished aircraft. U.S.-manufactured aircraft represent a sizeable proportion of the registered

aircraft in Australia, ensuring a market for spares, accessories, and service. Other registered aircraft are manufactured in Australia, Germany, the U.K., and France. Australia's Civil Aviation Safety Authority's (CASA) acceptance of FAA certification standards strengthens the relationship between Australian and US aircraft and parts exporters.

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.

There are 15,421 aircraft on Australia's civil aviation register of which 11,534 are powered aircraft; 2205 are helicopters; 995 are gliders; and 407 lighter than air. Leading brands are Cessna (3686), Piper(1862), amateur built (1555), Robinson Helicopter (1120), Beech (643), Bell Helicopter (305), Kavanagh Balloons (276), Boeing (245) and De Havilland (240). There are over 700 design, maintenance, maintenance training, parts manufacturing and parts distribution organizations. Australia is a key market in, and a major distribution point for, the Asia Pacific.

Leading Sub-Sectors

Defense contracts – all categories

QANTAS fleet upgrade

Parts, repairs and maintenance

Business jets

Helicopters

Aerial agriculture

Unmanned Aerial Vehicles (UAVs)

Australia has a large civil helicopter fleet exceeding 2,000, ranking 6th worldwide. Helicopters are well suited to supporting remote oil, gas and mining projects as well as island tourist resorts, aeromedical and rescue services, and large agricultural properties. Australia was the 2nd largest buyer of US helicopters >2000kg in 2016.

Opportunities

Over the next ten years QANTAS has committed to about USD 12.6 billion (AUD 17 billion) for more fuel efficient, next generation aircraft such as the Airbus 380 and the Boeing 787 Dreamliner.

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 Australia. 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.

Australia announced in March 2016 a ten year, USD 146 billion defense equipment investment program. This includes a heavy focus on various fixed wing, helicopter and UAV aircraft. Australia is a major importer of defense systems – 3rd in 2015, 9th in 2016 – and a leading customer of the US – 3rd in 2015 and 2016.

Australia is also the 2nd largest business jet market in the Asia Pacific – 184 aircraft – and growing rapidly.

Australia is a major helicopter market; operates over 2200 helicopters; offers substantial opportunities in both the civilian and defense sectors; and has a fast-growing trade show called Rotortech dedicated to the helicopter

industry.

Web Resources

[Rotortech 2018](#)

May 24 – 26, 2016, Sunshine Coast, Queensland
Largest helicopter event in Southern Hemisphere.

[Australian Airports Association National Conference and Exhibition](#)

November 13 – 17, 2017,
Adelaide, South Australia

Leading aviation conference/exhibition in Asia Pacific.

[Australian International Airshow](#)

March 1 – 3, 2019, Geelong, Victoria
Largest air show in the Southern Hemisphere. Biennial – alternates with
Singapore Air Show. Includes a large US Pavilion.

[International Astronautical Congress 2017](#)

September 25 – 29, 2017, Adelaide, South Australia
World's largest congress for the space industry.

Aerial Agricultural Association of Australia
Aircraft Owners and Pilots Association of Australia
Airservices Australia
Australian Airports Association
Australian Helicopter Industry Association
Aviation/Aerospace Australia
Aviation Maintenance Repair and Overhaul
Civil Aviation Safety Authority
QANTAS

Aerial Agricultural Association of Australia
Recreational Aviation Australia
Regional Aviation Association of Australia
Space Industry Association of Australia

Automotive Parts/Aftermarket

Overview

Unit: USD Billions

	2014	2015	2016	2017 (Estimated)
Total Local Production	4.88	4.98	4.97	5.12
Total Exports	1.10	1.09	1.09	1.18
Total Imports	3.36	3.35	4.01	1.03
Imports from the US	1.12	1.29	1.35	1.49
<u>Total Market Size</u>	7.15	7.25	7.90	7.98

Data Sources:

Total Local Production: Industry estimates

Total Exports: Industry estimates

Total Imports: Industry estimates

Imports from U.S: Industry estimates

Australia's auto market is mature, with modest growth expected going forward. In 2016 1,178,133 new passenger cars, SUVs and commercial vehicles were sold in the local market. New vehicles must be sold in right hand drive format.

Australia is the seventh largest destination for U.S. auto parts exports. The market has relatively few barriers for U.S. companies. Since auto production

in Australia is winding down over the next couple of years, future U.S. parts exports will be destined for aftermarket use exclusively.

2016 sales saw a continuation of the trend for consumers to prefer purchasing light commercial vehicles and pick-ups. 2016 was the first year that the Toyota Hilux topped the national vehicle sales charts over a 12-month period with 42,104 units sold. The second highest SUV sales went to the Ford Ranger with 36,934 units sold. SUVs now account for 37.4% of the market – up from 35.4% in 2015. Light commercial vehicles held 18.5% – up from 17.2% in 2015. The major vehicle importers are: Toyota (17.8% market share), Mazda (10%), GM Holden (8%), Hyundai (8.6%), Ford (6.9%) and Mitsubishi (6.2%). Australia is one of most open automobile markets in the world, with almost 70 brands and 400 different models being offered for sale. Apart from the Toyota Hilux, popular vehicles include: the Toyota Corolla (40,330 sold in 2016), Mazda3 (36,107 sold in 2016), and Hyundai i30 (37,772 sold in 2016).

By the end of 2017, Australia's vehicle production will stop. Ford has already ceased production. GM and Toyota will close their manufacturing plants in late 2017. The automakers will still sell and distribute their imported vehicles in the country. Ford plans on maintaining vehicle development and engineering capabilities in Australia, and Holden plans to continue to design and engineer vehicles from its Australian facilities. Australia's low tariffs for imported vehicles, relatively high production costs for the region, reduced economies of scale (for automakers & suppliers), and the value of the Australian dollar contributed to the decisions to end local vehicle production.

The Australian aftermarket for replacement parts and accessories is estimated to be worth between USD 5 billion and USD 6 billion and is split fairly evenly between local producers and imports. Annual Australian exports of aftermarket parts are estimated by the Australian Automotive Aftermarket Association (AAAA) to be USD 800 million.

U.S. auto parts exports to Australia have grown from approximately USD 1.1 billion in 2010 to almost USD 1.5 billion in 2016. In 2014, the United States and China were virtually tied in being Australia's top source of imports of auto parts, each with 19% of the import market. Japan was the third largest supplier, comprising 11% of the imports, followed by Thailand, Germany and Korea.

U.S. manufacturers have a good reputation in Australia for making high-quality, well-engineered auto aftermarket and specialty products. The best segments for U.S. manufacturers in the local market include supplying aftermarket performance parts, off-road and light truck accessories, repair tools and consumables.

The performance market can be divided up into a number of sub sectors with the first being performance parts for new vehicles. These vehicles include the Ford Mustang, Jeep Cherokee, Chrysler 300C, a number of European cars imported into Australia including Audi, Porsche, Jaguar, and Mercedes; as well as Japanese models from Toyota, Honda, and Mazda. There is also a large performance market supplying parts for Australian manufactured performance vehicles from Ford and GMH including the Commodore, and the Falcon. The third part of the performance market is supplying parts to the very healthy local motorsport market which includes drag racing, circuit racing, off road racing and powerboat racing.

Possibly the most promising sector is the off-road market. With its vast tracks of outback and a large unfolding market as witnessed by the numbers of Hilux/Rangers sold in the local market, consumers are keen to customize their light trucks. Popular accessories include upgraded suspension components, bull bars, roof racks, carrying racks, upgraded lighting, rims, bed liners, and shock absorbers. Popular brands in the local market include Toyota Hilux, Ford Ranger, Mitsubishi Triton, Holden Colorado, Toyota

Prado, Nissan Navara, Jeep Grand Cherokee, Isuzu D-Max, Mazda BT-50, and Toyota Land Cruiser 200 Series. VW is also making solid inroads with the Amarook.

Currently, there are relatively few barriers to exporting automotive products to Australia. If products can be classified as automotive items of minimum 51% U.S. content, there are no customs tariffs under the U.S.-Australia Free Trade Agreement. Documentation stating the rules of origin should accompany the shipment of goods.

Vehicle compliance is handled by the Australian state in which the vehicle is to be registered. Compliance can sometimes be more onerous than experienced in the U.S., and that can be a challenge for U.S. manufacturers. The Australian Design Rules (ADRs) are the guiding principles in terms of compliance in Australia and sometimes small modifications can require a construction engineer's report to ensure the vehicle complies with ADRs.

Web Resources

[Export.gov 2016 Market Report](#)

[Australian Automotive Aftermarket Association](#)

[Australian Customs Service](#)

[Department of Infrastructure and Transport](#)

[Federal Chamber of Automotive Industries](#)

[Federation of Automotive Parts Manufacturers](#)

Building & Construction

Overview

Construction is a significant contributor to the Australian economy, accounting for approximately 9% of GDP. The outlook for 2016/17, according to the AiGroup and Australian Constructors Association, is that the value of turnover from all major construction work will recover by 4.6%, following a 9.8% reduction in 2015/16. While resources-related engineering will

continue to contract, engineering construction – particularly infrastructure-related projects for road and rail, largely located on the east coast – will experience a modest increase of 3.6% through the year (after a sharp fall of 15% in 2015/16).

The Australian federal government announced in May that they will commit significant funds to a range of infrastructure projects across the country in the coming year including construction of the Melbourne–Brisbane inland rail link, worth USD 6.3 billion; construction of a second airport for Sydney at Badgerys Creek, valued at almost USD 4 billion over 10 years; a USD 633 million upgrade of the Bruce Highway in Queensland; approximately USD 750 million to projects in Victoria including USD 375 million for a regional rail fund and USD 23 million for the airport link business case; and USD 1.2 billion for infrastructure in WA, including funding for better road access to the Fiona Stanley Hospital precinct.

Commercial construction activity e.g. offices, retail buildings, warehouses, industrial facilities is expected to show a similar modest increase of 3.5% this year. In the residential sector, there has been strong growth (18.6% in 2015/16) in multi-level apartment construction, particularly in Sydney and Melbourne, which is expected to peak in the next 12 months and then drop to around 3% in the following year. The passing of the mining boom has seen a decrease in the past two years of overall imports of construction equipment and building products. The following table shows the declining value of imports (in USD bn) from 2014 to 2016, but highlights the dominant role of the U.S. as a supplier in this sector:

	2014	2015	2016
Total Construction Equipment imports to Australia in US Billions	\$9.524	\$9.347	\$7.655

	2014	2015	2016
Breakdown by top three countries			
1. United States	\$2.528	\$2.285	\$1.750
2. Japan	\$1.223	\$0.962	\$1.118
3. China	\$0.994	\$0.876	\$0.807

(Source: UN Comtrade database, TPIS database, UNHS Imports)

	2014	2015	2016
Total Building Products imports to Australia in US Billions	\$17.970	\$17.116	\$15.598
Breakdown by top three countries			
1. China	\$5.749	\$6.359	\$5.540
2. United States	\$1.587	\$1.475	\$1.341
3. Thailand	\$1.147	\$1.553	\$1.300

(Source: UN Comtrade database, TPIS database, UNHS Imports)

Leading Sub-Sectors

Key sub-sectors in this industry include road and rail construction, residential construction and age/health-related construction. For building products, energy-efficiency is a strong focus.

Opportunities

The Infrastructure Priority List (IPL) is a prioritized list of nationally significant investments, detailing 100 major proposals to boost the Australian economy. In addition to the projects mentioned in the budget, current high priority projects include:

- M4 motorway upgrade (Sydney)
- WestConnex (Sydney)
- Melbourne Metro Rail (Melbourne)
- M80 Ring Road upgrade (Melbourne)

- Ipswich Motorway (Brisbane)

Web Resources

[Best Prospects report Construction Machinery](#)

[Australian Building Codes Board \(ABCB\)](#)

[Australian Construction Industry Forum \(ACIF\)](#)

[Australian Institute of Architects \(AIA\)](#)

[Building Products Innovation Council \(BPIC\)](#)

[Green Building Council of Australia \(GBCA\)](#)

[Housing Industry Association \(HIA\)](#)

[Master Builders Australia Inc. \(MBA\)](#)

Trade Shows

[DesignBuild](#)

Date: May 2-4, 2018

Frequency: Annual

Location: Alternates, 2018 event will be in Melbourne, VIC

[ARBS 2018 - Air Conditioning, Refrigeration & Building Services Exhibition](#)

Date: 8-10 May, 2018

Frequency: Biennial

Location: ICC, Sydney, NSW

Cosmetic & Toiletry Preparations

Overview

Australia is the fifth largest market for U.S.-made cosmetics behind Canada, Mexico, U.K and the Netherlands. Australia's total personal care and cosmetics market is estimated at USD3.4 billion. As a subsector, the market for cosmetic and toiletry preparations in 2016 was valued at USD2.9

billion. Imports satisfy 56 percent with the U.S. holding the largest share (30 percent) of the import market. Given Australia’s relatively small population of 24 million people import competition is very high and the market is anticipated to grow by just under four percent in 2017.

Per capita, Australians average annual spend on cosmetics is USD146, compared to USD139 in the U.S. and USD223 in Japan. Prominent product categories in Australia, include mass-market brands, prestige brands, private-label products and professional or salon-only brands. Historically, mass-market brands dominate sales, with fierce competition between supermarkets, discount pharmacies and online retailers slowing profit growth in the mass and masstique segments.

Unit: USD Millions

	2014	2015	2016	2017 (Estimated)
Total Local Production	1764	1753	1866	1903
Total Exports	529	491	582	599
Total Imports	1572	1607	1635	1717
Imports from the US	541	570	499	523
Total Market Size	2807	2869	2919	3021

Data Sources: Trade Policy Information System- International Trade Administration and Industry estimates

Leading Sub-Sectors

Make up and Skin Care: These products dominate, representing over 25 percent of imports, and used by over 75 percent of Australian women. The fast growing subsectors are skin care, sunscreen and color cosmetics. Consumers are increasingly expecting multi-benefit products and Australians tend to be brand loyal, purchasing multiple products from the same brand line.

Perfumes and Fragrances: Local market research reports that this segment is somewhat static, due to saturated product offerings, particularly for women's products. Aggressive price-competition continues to characterize fragrances in Australia, with discount pharmacies such as Chemist Warehouse increasing their share in the category.

Hair Care: In the mass segment, similar to other products high levels of competition is driving down value for these products. Shampoo sales are somewhat stagnant, with the highest growth in colorants and hair styling products. Celebrity endorsements and professional hair products are increasingly penetrating this segment.

Opportunities

A simultaneous trend has been the development of artisanal or bespoke products developed in response to the increasing range of masstige products. The introduction of the specialty chain Sephora into the market in 2014 is further helping to spur the premium market with three stores now established in country. Across most product price segments and sectors there is increasing demand for "natural" products that prominently feature essential oils, organic, and biodynamic ingredients.

In the premium market, niche products in terms of new active ingredients and products for sensitive skin are in demand.

Web Resources

Australian trade shows:

[HairExpoAustralia](#)

[SalonMelbourne](#)

[BeautyExpoAustralia](#)

Regulatory Agencies:

[NICNAS](#)

[Therapeutic Goods Administration](#)

[Accord Australasia](#)

[ASCC](#)

Defense (Defence in Australian)

Overview

Unit: USD Thousands

	2014	2015	2016	2017 (Estimated)
Total Local Production	7950	7000	7670	8600
Total Exports	700	700	720	800
Total Imports	1250	2200	2050	2200
Imports from the US	1005	1766	1541	1800
<u>Total Market Size</u>	8500	8500	9000	10000

Data Sources: Australian Department of Defence, SIPRI Arms Transfers Database (Stockholm International Peace Research Institute) and the US Bureau of the Census. Data retrieved as at 28 April 2017.

Australia announced in March 2016 a ten year, AUD 195 billion (USD 146 billion) defense equipment investment program. This includes a heavy focus on various fixed wing, helicopter and UAV aircraft. Australia is a major importer of defense systems – 3rd in 2015, 9th in 2016 – and a leading customer of the US – 3rd in 2015 and 2016. In 2016-17 Australia budgeted to spend AUD 12.9 billion on defense acquisition (AUD 7.2 billion) and sustainment (AUD 5.7 billion). NB AUD 1 = 0.75 USD.

Australia released its [Naval Shipbuilding Plan](#) in May 2017, outlining the country's largest ever program of naval shipbuilding and sustainment, including 1.3 billion AUD (USD 1 billion) investment to develop infrastructure in shipyards.

Australia has committed to investing around AUD 90 billion (USD 70 billion) in the rolling acquisition of new submarines, and the continuous build of major ships such as future frigates, as well as minor naval vessels. It may be useful to peruse this document in combination with Australia's [White Paper on Defence](#), which profiles Australia's total defense acquisition program over the coming decade. That overall program is budgeted to spend USD 145 billion.

US companies looking to showcase their capabilities to Australia and its Asia Pacific neighbors should be actively considering exhibiting in the US Pavilion at the upcoming Pacific International Maritime Exposition 2017 – or Pacific 2017 – to be held in Sydney 3 – 5 October 2017. See its website here – [Pacific 2017](#) . Pacific 2017 will be **THE** naval-focused trade show to attend in the Asia Pacific in 2017.

Australia claims the largest jurisdiction of any nation – 10 million square miles or 27.2 million square kilometers – split almost evenly between land and ocean, and stretching from the South Pole to just short of the Equator. This places a heavy burden on the nation's military and its border security services. The Australian Defence Force is widely regarded as the most potent military force in the Southern Hemisphere, comprising some 60,000 full-time personnel and over 20,000 active reserves, operating a technologically advanced portfolio of weapons platforms. It has for example recently acquired two Landing Helicopter Docks [LHDs] amphibious assault ships, each of 27,000+ tons to strengthen its force projection capabilities and is a major customer for the F-35 Joint Strike Fighter program. It has also embarked on a large conventional submarine construction program with frigates to follow.

Australia has various defense agreements with the United States including a Defence Trade Cooperation Treaty. It prioritizes interoperability with the US and has been a firm US ally for over seventy years. Australia's defense

acquisitions are premised on a desire to operate the most advanced conventional defense systems in the world; a commitment to defend its territorial jurisdiction and a readiness to deploy worldwide in support of key policy objectives. Australia fully funds its defense acquisitions and undertakes periodic reviews of its national defense strategy and associated equipment needs.

Many US defense companies have large presences in Australia, including Boeing, Lockheed Martin, Rockwell Collins, Northrop Grumman, and Raytheon.

Annual total defense expenditure is of the order of USD 25 – 30 billion and defense acquisition and sustainment is a large part of this figure. Australia's already substantial defense purchases were further strengthened in March 2016 by the release of the Defence White Paper which detailed an USD 145 billion defense acquisition plan for the decade to FY 2025-26.

New investments will include 12 regionally superior conventional submarines (to be built by French company DCNS in Australia); 9 anti-submarine warfare frigates; 12 patrol vessels; 7 Poseidon aircraft; 72 F-35A Joint Strike Fighters; 12 E/A-18G Growler airborne electronic warfare aircraft; helicopters of various types; missile defense systems; a long range rocket system; a new generation of armored vehicles; and upgrading the main battle tank fleet. In addition there will be a host of investments including upgrades to airports, training areas, army bases, naval facilities, cyber and communications systems.

US industry is a likely key beneficiary of decisions re weapons systems although the scale and diversity of the total program of acquisitions means that there will need to be a number of collaborative bids for projects involving third countries and incorporating Australian industrial capabilities

The key source document for future defense purchases is the Defence White Paper released in March 2016. It is accessible online and includes the Defence White Paper explaining Australia's defense strategy, capability and resources within a complex security environment; an Integrated Investment Program detailing acquisitions by project, timing and functionality for the decade FY 2016-17 to FY 2025-26; and the Defence Industry Policy Statement explaining the relationship and need to modernize the capability of the Australian defense industry both in terms of local construction and sustainment as well as global supply chains. US suppliers should peruse all three documents to gain an appreciation of the operating environment and where they may fit.

Leading Sub-Sectors

The scale of the defense acquisition is so great that US companies would be well advised to review the Defence White Paper in the first instance; identify potential opportunities from the information provided; and subsequently reach out to the US Commercial Service in Canberra and/or the Office of Defense Cooperation, also in Canberra, for more detailed advice.

Opportunities

Strong promotion is essential. Three major defense trade shows held in Australia on a rolling two year cycle, each featuring a US Pavilion are the Australian International Airshow at Avalon, which alternates with the Singapore Air Show; Pacific International Maritime Exposition; and Land Forces. There is also a civil security including border security and disaster response event called CivSec which includes a US Pavilion and other smaller, more specialized events – notably MilCIS and the Australasian Simulation Congress.

The next events in order are the Australasian Simulation Congress in Sydney (08/2017), Pacific in Sydney (10/2017), MilCIS in Canberra (11/2017), Singapore Air Show (02/2018), CivSec in Melbourne (05/2018) and Land

Forces in Adelaide (09/2018).

MilCIS is the annual Military Communication and Information Systems conference held in Canberra in November and features a strong US exhibitor presence. In fact a majority of the exhibitors at the 2016 event were US-based or Australian subsidiaries of US companies. The Australasian Simulation Congress is the Southern Hemisphere's largest modelling, simulation and training event and has a strong defense component. CIVSEC 2018, the civil security and civil defense trade show, was held for the first time 31 May – 1 June 2016 in Melbourne. It is aimed at border security, cyber security, search and rescue, ISR, law enforcement, and disaster relief. .NB Avalon, Pacific, Land Forces and CivSec are all organized by the one company - AMDA - and Kallman Worldwide of NJ promotes and manages US Pavilions at all four events.

The Australian Government also organizes the annual US Australia Dialogue on Defence Industries to bring together industry representatives and senior government officials to discuss opportunities to optimize defense industry collaboration. The most recent Dialogue took place in Washington DC 6-7 April 2017. For the past two years it has been scheduled the same week as the Sea Air Space trade show at National Harbor MD.

Key defense acquisition and sustainment projects are profiled on the Australian Department of Defence website page titled [Equipping Defence](#).

[Web Resources](#)

[Australian Government Department of Defence](#)

[AMDA](#)

Organizers of Avalon, Pacific, Land Forces and CivSec

[AVALON 2019](#)

[CIVSEC 2018](#)

[Defence White Paper](#)

[Kallman Worldwide](#)

[Land Forces 2018](#)

[MilCIS 2017](#)

[PACIFIC 2017](#)

[The Advocacy Center](#)

Franchising

Overview

Australia has more franchising outlets per capita than any other country and three times more than the United States, but over 92 percent of franchises are Australian-developed. U.S. brands (not individual units) only represent approximately five percent of the market.

According to an official study by the Griffith University in Queensland, there are over 1,100 franchisors, 65,000 franchise units and 8,000 company-owned units. The franchise sector has been flourishing since the 70s with most growth occurring since the 1980s and industry commentators note that it is now very mature. The growth of new Australian systems and the expansion of existing systems have not only increased competition, but have meant the pool of quality franchisees has steadily become smaller. Within this climate, identifying investors and potential partners with an interest in master franchise opportunities remains a major challenge. The majority of recent market entry successes have resulted from Australian entrepreneurs actively searching out the opportunity and directly approaching the international franchisor.

Leading Sub-Sectors

Sectors as diverse as home building, carpet cleaning, repair systems, waste management, and financial planning have enjoyed growth in the recent past. The most popular opportunities for franchising in Australia are in the non-food retail industry, which accounts for over 25 percent of franchise systems.

Food retail concepts that promote health and well-being continue to do well. Opportunities also exist within administration and support services.

The Australian market is receptive to new concepts that speak to current and emerging trends. For example, Australia has an aging population and by 2020 there will be more 65 year-olds than one-year-olds. Demand for senior care services will continue to increase. It is also anticipated that older Australian generations will have an increased preference for independent living arrangements supported by community care and more affluent lifestyles.

Additionally, data shows a rise in participation rates in non-competitive activities. With fewer organized sports and less time for leisure activities, the 24-hour gym concept and personal trainers are increasingly popular.

Opportunities

Australian-developed brands dominate the market. The United States is a key international player, followed by the United Kingdom, and more generally Europe.

Australian Franchisors regularly use one or both of the top lead generation online platforms – Seek Commercial and Cirrus Media. These platforms are used extensively by local franchisors to find unit franchisees. In terms of finding master franchisees, one option for U.S. franchisors is to approach existing large Australian franchisors that have achieved saturation of their own brands in the market.

Rather than appointing master franchisees, some U.S. companies have also entered the market by setting up their own corporately-owned units as a way of establishing proof of concept.

Web Resources

The Franchise Council of Australia ([FCA](#)) is a peak industry (trade) association, and works closely with local and international franchises alike to help them make progress.

Besides the National Franchise Convention organized by the FCA there is the [Franchise & Business Opportunities Expo](#) series. The Expo is held annually in four key cities – Sydney, Perth, Brisbane and Melbourne.

Information & Communication Technology

Overview

Unit: USD Thousands

	2014	2015	2016	2017 (Estimated)
Total Local Production	7.52	7.60	7.75	7.65
Total Exports	1.44	1.43	1.41	1.42
Total Imports	5.48	5.50	5.85	5.97
Imports from the US	1.48	1.50	1.58	1.67
<u>Total Market Size</u>	11.56	11.67	12.68	12.20

The Australian Information and Communications Technology (ICT) market is valued at approximately USD100 billion. The information technology (IT) services industry accounts for approximately one third of the total IT market and is valued at nearly USD13 billion. The Australian ICT market is mature with a large number of multinational technology companies active in the local market. Australia has a relatively large middle class population that is technologically savvy.

In terms of ICT services, the Australian Federal Government is the largest public sector user of IT services and solutions. Key clients include: Department of Defense, Australian Taxation Office, Centrelink/Medicare/Department of Humans Affairs, Veterans Affairs, and Australian Customs.

In the private sector the major users of IT services include: finance, insurance, retail, transport, mining, telecommunications, and media sectors. Australian financial service and insurance firms have significant IT budgets.

The Australian IT services market is tipped to record steady growth over the next 18 months. The top 300 Australian companies all rely to some degree on outsourced services to deliver business efficiencies. As businesses strive to maintain a competitive edge, and budgets are increased, the amount of outsourced service work is set to grow in the private sector.

Leading Sub-Sectors

According to a recent Frost & Sullivan report, Australia has one of the highest adoption rates of cloud computing in the Asia Pacific region with over 80% of local organizations using cloud services. The report states that by 2016 the local public cloud market was worth USD 2.5 billion and is growing at 15% per annum. Australia is also the largest Infrastructure-as-a-Service market in the Asia Pacific worth approximately USD 650 million.

In previous years, data sovereignty and security concerns held back growth in the market. The double digit growth that the local market is presently experiencing can be attributed to a number of factors. Many international providers such as AWS, Google, and Salesforce have built local data centers thereby negating the concerns over data sovereignty and reducing latency. Customers are naturally migrating to cloud services as their current data center contracts are expiring. As the market matures and cloud services become the norm, those customers that are much more conservative are migrating to these new delivery platforms as well. Growth will remain strong and prospects excellent for U.S.-based SaaS, Paas, and IaaS providers over the next few years. Telesyte predicts the IaaS market alone will be worth USD 1.1 billion by 2020 growing at over 60% annually. Private sector

organizations have been the early adopters of cloud services in the local market. Banks, financial services, retail, transport, and resource companies have been strong advocates of cloud services. They are drawn to the speed of implementation and application development, cost savings, and the fact that most organizations have a more decentralized and mobile workforce.

The provision of security solutions and technologies shows no sign of abating, especially given the federal government's commitment to ensuring that critical infrastructure is not compromised. We predict that the demand for security solutions will grow steadily over the next 12 months.

Good opportunities exist, providing database and business intelligence solutions to the local market.

Thanks to the U.S. Australian Free Trade Agreement, there are no tariffs on the importation of software. A goods and service tax (GST) is levied on the landed value of goods imported into Australia. GST is also applicable to services that are carried out in Australia.

Web Resources

[Australian Information Industry Association](#)

[Australian Reseller News](#)

[CIO](#)

Trade Shows

[CeBIT Australia](#)

May 23-27 2017

Medical Equipment

Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production	2411	2311	2487	2554
Total Exports	2098	2011	2164	2222
Total Imports	6222	5912	6162	6470
Imports from the US	2067	1920	2051	2153
Total Market Size	6535	6212	6485	6802

Data Sources: Local Production: Industry estimates

Total Exports, Imports & Imports from the US: TPIS (using Medical Devices MEDICD NEI Group)

The Australian medical equipment industry sector has consistently provided good prospects for U.S. exporters. Australia is the eighth largest market for U.S. exporters of medical products and ranks tenth in the near-term medical device export market rankings according to the [2016 ITA Medical Devices Top Markets Report](#). Approximately 80 percent of medical devices and diagnostics used in the market are imports. The three major suppliers are the United States, the European Union and Japan. U.S. medical equipment is traditionally well received 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.

Australia has a high per capita income, and there is demand for a full range of medical equipment. Opportunities exist for products that provide a significant improvement in clinical outcomes and products with clearly differentiated capabilities. There is also a growing demand for products that

lead to faster patient recovery, reduce hospital and rehabilitation costs and alleviate or manage disability and chronic pain.

The USD 6 billion market is price sensitive and competitive. Australia spends approximately 9.7% of its GDP on healthcare, which is similar to the United Kingdom but less than the United States. Australia's aging population will significantly influence the demand for products and products that serve the aging population are likely to experience growth.

Both the public and private sectors provide healthcare in Australia; as a result, government healthcare policies and public health influence the volume and pricing of healthcare products and services. Federal and State government spending accounts for 70% of total healthcare expenditure. The non-governmental sector (individuals and private health insurance) funds are the remaining 30%. Approximately 45% of Australians have private health insurance.

The Therapeutic Goods Administration (TGA) regulates the medical equipment industry. Australia's regulatory framework is based on the 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](#)

Leading Sub-Sectors

Products that serve Australia's aging population are likely to experience growth. BMI Research forecasts that the orthopedic and prosthetic market will be the fastest growing sector within the Australian medical device market over the next five years.

The leading underlying causes of death in Australia are coronary heart disease, stroke, dementia (including Alzheimer disease), lung cancer, chronic obstructive pulmonary disease (principally emphysema and chronic bronchitis), breast cancer, prostate cancer, diabetes and colorectal cancer. Although Australians are living longer, they are also increasingly suffering from chronic diseases.

Opportunities

The demand for medical products and healthcare services is expected to grow for all age groups with continuing advances in medical technology, the increasing burden of chronic disease, the aging population, rising incomes and changing consumer expectations. Australians have one of the longest life expectancies in the world (sixth amongst the OECD countries) and demand will continue to increase as Australia's aging population progressively relies on the health system for care.

Web Resources

[Top Market reports Medical Devices](#)

[Australian Therapeutic Goods Administration \(TGA\)](#)

[Australian Department of Health and Ageing](#)

[Medical Technology Association of Australia](#)

[Information for state government tenders for the three largest states in](#)

[Australia is available at: NSW Health](#)

[Health Purchasing Victoria](#)

[Queensland Health](#)

Mining

Overview

The Australian mining industry dates back to the gold rushes of the 1850's, making it one of the country's most well-established sectors. It is a major contributor to national GDP (accounting for approximately 7% of total GDP) and in 2016-17, the mining industry generated revenue of

almost USD 122 billion. The industry is strongly export- oriented, with minimal processing onshore, and since 2007-8 mining has accounted for between 50 and 60% of total national exports. Australia is a global top 5 producer of gold, iron ore, lead, zinc and nickel and also has the world's largest and fourth largest uranium and black coal resources, respectively.

There are over 270 operating mine sites across the country, of which approx. 35% are located in Western Australia (WA), 25% in Queensland (QLD) and 18% in New South Wales (NSW), making them the 3 major mining states. By volume, Australia's two most important mineral commodities are iron ore – of which 97% is mined in WA – and coal, which is largely mined on the east coast, in the states of QLD and NSW. In contrast to most global production, three quarters of black coal in Australia is produced from open-cut mines, lowering production costs. This ratio of 3:1 open-cut/surface to underground mines also applies to the rest (i.e. non-coal) of the Australian mining sector.

Major capital-type goods are typically imported and/or locally assembled by subsidiaries of foreign companies. An overwhelming majority of heavy/earth-moving equipment is imported and while imports of mining equipment peaked around 2011/12 (this coincided with a period where the AUD was particularly strong – above parity against the USD at one point), there has been a decline in total import volumes in recent years. The U.S. is one of the largest exporters of mining equipment to Australia, with Japan, China and Germany being other important sources of imported equipment. Major players such as Caterpillar, Komatsu, Wirtgen, Joy Global and Liebherr have a strong presence in the market. Smaller scale local manufacturers cater to niche and specialized markets and are particularly competitive in mining-related software, fine coal cleaning and process control, and strata reinforcement technology.

The Australian mining industry experienced an extended period of strong

growth since 2005, which peaked in 2011/12, during which there was significant investment and construction of major projects. In the last four years, there has been a clear shift in focus from construction to production and export. In addition, significant decreases in major commodity prices – particularly iron ore and coal – have also put pressure on the sector, leading to the delay/cancellation of some projects and a strong drive to cut operating costs. Many large iron ore and coal producers announced substantial reductions in jobs and service contracts from 2014 to 2016, though there are some signs that this cycle has ended. With these tougher market conditions, there has been weaker demand for mining machinery with mining companies currently selling off excess inventory.

With the industry's return to 'normal' activity levels after a 'super-boom' period from the early 2000's until 2012, there has been a slight decrease in mining-related imports. While it is anticipated that the current challenging market conditions may continue in the short term, Australia is still the fourth largest mining producing country in the world (after China, the U.S. and Russia), and there will be ongoing demand for high-tech equipment, representing potential opportunities for U.S. suppliers.

Leading Sub-Sectors

With the Australian industry now very much in the production/export phase of the general industry life-cycle, there are relatively few new sizable construction projects on the horizon, so the sector offering best prospects is in the area of maintenance and service. Mining companies are still strongly focused on reducing operating costs so products/services that enhance or extend existing infrastructure, and improve the bottom line, are likely to be well-received.

Opportunities

- Automation technology – driverless trucks, drills, excavation equipment.
- Maintenance equipment and services
- Mobile technologies
- Data analytics

- Wearable technologies

Web Resources

[Australian Mining publication](#)

[Australasian Institute of Mining and Metallurgy \(AusIMM\)](#)

[Australasian Tunnelling Society \(ATS\)](#)

[Australian Drilling Industry Association \(ADIA\)](#)

[Australian Institute of Geoscientists \(AIG\)](#)

[Geoscience Australia](#)

[Minerals Council of Australia \(MCA\)](#)

[Mining & Energy Services Council of Australia \(MESCA\)](#)

[Office of the Chief Economist \(produces the Resources and Energy Quarterly publication\)](#)

Oil & Gas

Overview

The first major oil fields in Australia were identified in the early 1960's off the south-east coast of the country, followed by the development of the North West Shelf Project, off the coast of Western Australia (WA), in the 1980s. Geographically, Western Australia is the largest producer (64% of national output), followed by Queensland (11%), South Australia (7%), New South Wales and Victoria each with 6%, Tasmania with 5% and the Northern Territory (1%). Natural gas (LNG) accounts for just under two thirds and crude oil accounts for almost 22% of total production, with the balance being made up by coal seam gas (8.3%), LPG (4.9%) and shale oil and gas (0.2%). There are approx. 18,000 oil and gas wells in Australia.

While large reserves of shale gas, estimated to be in the order of 396 trillion cubic feet, have been identified across South Australia (SA), the Northern Territory (NT) and WA, there is no substantial commercial production of shale gas at this time. Compared to the U.S., Australia's known shale gas

reserves are in very different conditions, being largely located in non-populated areas and many are at depths of 6–7,000ft. It is important to understand that state governments have different policy positions in relation to the development of oil/gas resources in their territory. For example, NSW has a moratorium on development of unconventional resources, Victoria has a moratorium on all onshore gas exploration (incl. conventional resources) and the NT has proposed a moratorium on fracking.

Between 2012 and 2017, a total of USD 150 billion will have been invested into the Australian oil/gas industry. With this expansion of production capacity, the industry's contribution to the Australian economy is forecast to reach USD 46 billion or 3.5% of GDP by 2020 – almost doubling from 2% of GDP in 2012. Sector exports for 2016/17 totaled USD 21.4 billion, up 17% from the previous year and Australia is predicted to become the world's largest LNG exporter, overtaking Qatar, by 2020. The world's first floating LNG project (Shell Prelude) is currently under construction and is expected to come online in 2018.

Australia has 3 major domestic oil/gas companies – Woodside Petroleum, BHP-Billiton and Santos. Many of the largest multinational oil companies are also exploring, operating, and partnering in one or more projects. Among these players are BP, Chevron, Conoco-Phillips, ExxonMobil, INPEX, Shell and Total. The table below shows the changes to respective market shares of the top 6 players in the market over the last 2 years (Chevron's Gorgon and Wheatstone projects have both come online during this period):

Company	Market Share (%) 2015/16	Market Share (%) 2016/17
Woodside Petroleum	16.6	13.5
BHP Billiton	13.9	13.2
Chevron Australia	9.3	12.4
ExxonMobil Australia	9.3	12.1
Santos	9.9	11.8
Shell Energy	9.3	10.3

(Source: IBISWorld Industry Report Bo700 Oil and Gas Extraction in Australia)

Service companies such as Halliburton, Bechtel, 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. Approximately 40% of LNG projects machinery, labor and inputs is imported in the Australian industry. U.S. exports of oil/gas equipment peaked in 2012, at over USD 1.3 billion, with exports in 2016 totaling USD 471 million. Australian firms prefer high-quality and reliable machinery to help offset the high capital and depreciation costs for the industry and increase worker safety

Leading Sub-Sectors

With the bulk of the major LNG projects now completed, the Australian oil/gas industry is transitioning from the investment/construction stage of the life cycle to the operations stage. According to the WA Energy Alliance, the value of operation and maintenance contracts in Australia over the next 25 years is estimated to be USD 300 billion.

Opportunities

- Operations & Maintenance incl. specialized inspection/auditing services, on-location support services

- Subsea & Marine incl. expanded ROV operator capacity, offshore supply/operation/maintenance of vessels, flexible pipe technology
- Unconventional Gas incl. horizontal drill rig expertise/maintenance, water management
- Logistics & Transport incl. rotary aviation training & facilities
- Research & Innovation incl. mini/micro LNG facilities, intelligent operations (automation), hydraulic fracturing

Web Resources

[Best Prospects report for Oil and Gas](#)

[Australian Petroleum Production & Exploration Association \(APPEA\)](#)

[Australian Pipelines & Gas Association Ltd. \(APGA\)](#)

[Geoscience Australia](#)

[Petroleum Exploration Society of Australia \(PESA\)](#)

Trade Shows

[APPEA 2017 Conference & Exhibition](#)

Date: 14-17 May, 2017

Frequency: Annual

Location: Alternates, 2017 event will be in Perth, WA

[AOG – Australasian Oil & Gas Exhibition & Conference](#)

Date: 14-16 Mar, 2018

Frequency: Annual

Location: Perth, WA

Recreational (Marine) Transportation

Overview

Unit: USD Thousands

	2014	2015	2016	2017 (Estimated)
Total Local Production	1355	1185	1135	1050
Total Exports	232.9	219.3	180.3	200
Total Imports	659.2	456.8	561.4	600
Imports from the US	172.9	141.4	115.8	94.5
Total Market Size	1781.3	1422.5	1516.1	1450

Data Sources: IBISWorld Australia, Global Trade Atlas and tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission. Data retrieved as at 26 April 2017.

Australia is the third largest export market for U.S.-manufactured pleasure boats worldwide, though Australian purchases from the US have been declining.

US exports to Australia had averaged USD 200 million+ per annum consistently until the Australian mining sector collapse and the resulting fall in the purchasing power of the Australian dollar. US sales to Australia are anticipated to stabilize in 2018/19 and see a return to modest growth.

However, a strong US dollar and fierce competition from third countries will likely combine to constrain future US sales. In recent years, Mexico has emerged as a leading source of yachts and other pleasure vessels; Italy likewise for motorboats; France re marine compression-ignition internal combustion piston engines and sailboats; and Germany re inboard engines and parts for engines and motors. At the same time, despite declining dollar value sales, Japan has held on to be the leading source of outboard engines

for marine propulsion.

Longer term prospects remain solid – population is fast growing; GDP per capita and median wealth remain near the top of world tables; and new trade agreements with Asia point to accelerated economic growth. Five million people annually are estimated to enjoy recreational boating in Australia.

In fact, Australia has a longer coastline than the United States and it is entirely ice-free. There are an estimated 758 estuaries, rivers and lakes. The climate is warm to hot most of the year and all of its major cities, with the exception of the national capital Canberra, hug the coast. There is a strong focus on water sports and recreation, including recreational fishing. The Sydney-to-Hobart yacht race is one of the iconic events of the Australian summer and Sydney Harbor is one of the most celebrated harbors in the world and home to the largest concentration of pleasure craft in Australia.

Australia boasts many options for use of pleasure craft, from Sydney Harbor to the protected waters inside the Great Barrier Reef to the waters off the south coast of New South Wales. It also enjoys a strong marina community, with those marinas offering 20 or more on-water storage spaces estimated to number 356 in 2010. The total number of marina boat storage spaces including dry-land boat storage was 39,300; the average number of storage spaces per marina was 110; and this storage capacity represented 5 percent of the more than 850,000 registered recreational boats in Australia. Add in the numerous small craft and paddle craft that do not require registration and the number of recreational boats exceeds one million.

Australia's recreational marine industry is a significant factor in the national tourism sector, accounting for more than 10 percent of overnight stays and with a 4.3% share of Australia's total day trip market [2011]. The recreational boating industry generates more than USD 12 billion in spending attributable

to operations, including industry turnover and net additional tourism spending. That includes direct industry revenues of over USD 7 billion nationally, including over one billion dollars in export sales.

[Australian Marine Industry](#)

Australia also has a substantial boat-building and shipbuilding sector, including companies like Austal which has invested substantially in US shipbuilding facilities. Employing approximately 4,000 people at its Mobile Alabama facility, Austal is the largest employer in Alabama.

The Australian marine industry includes ship and boat building and repair, marine equipment manufacturing, and marina operations. The industry is a major contributor to the economy; worth USD 8 billion a year and generating around 22,000 jobs. Australia's marine industry is innovative and covers a broad range of products and services. Australia is a world leader in the design of large, high-speed, multi-hull aluminum vessels.

[Leading Sub-Sectors](#)

Leading import categories for 2016 were:

- 890392 Motorboats – leading source: United States
- 841290 Parts for engines and motors – US ranked 5th
- 840721 Outboard engines for marine propulsion – US ranked 2nd
- 890399 Yachts and other vessels – leading source: United States

[Opportunities](#)

A key marine industry conference and trade expo in 2017 is [Marine17](#), 30 July – 1 August 2017, to be held at the International Convention Centre, Darling Harbour, in Sydney. It will immediately precede the Sydney International Boat Show, 3 – 7 August, 2017.

There are numerous boat shows staged around Australia. The biggest and best known are the [Sanctuary Cove International Boat Show](#) May 25 – 28,

2017 which has been described as the largest on-water display in the entire Asia-Pacific region; and

Australia's premier marine trade event is the [Sydney International Boat Show \(SIBS\)](#).

A 2017 calendar of major boating shows owned, managed and presented by the Boating Industry Association can be found at [Boating Industry Association](#).

Web Resources

[Australian Shipbuilders Association](#)

[Australian International Marine Export Group](#)

[Boating Industries Alliance Australia](#)

[Marine17 conference](#)

[Marina Industries Association](#)

[Sanctuary Cove Int'l Boat Show](#)

[Sydney International Boat Show](#)

[Superyacht Australia](#)

Smart Grid

Overview

Smart Grid is seen as a necessary solution to Australia's rising electricity costs, aging infrastructure, and the political pressure to close coal fired power stations. Smart Grid investments in Australia will improve the operations of utility firms and provide grid reliability. The importance of ensuring that the supply of electricity remains robust and secure cannot be overstated. Australia's economic growth and its desire to encourage innovative technology and manufacturing industries are largely dependent on it.

The tapering of current and forecasted consumer electricity demand has resulted from average electricity consumption reducing, despite the number of consumers continuing to grow. Decreased forecast demand has allowed network service providers to delay capital investment. However, the requirements of maintaining and replacing elements of an aging network subject to higher risks of failure remains and is becoming more critical. For example, in September 2016, a storm in South Australia caused widespread damage to electricity transmission infrastructure, resulting in almost the entire state losing its electricity supply.

Simultaneously, consumers have become more sensitive to prices and price elasticity in this utility sector. As competitive alternatives to network delivery of electricity have become more affordable (e.g. residential solar PV installations), and consumer uptake of energy efficient appliances increases, continued downwards pressure on network energy throughput appears more likely.

Unit: USD Thousands

	2014	2015	2016	2017 (Estimated)
Total Local Production	22.04	19.29	17.59	16.09
Total Exports	146.96	128.61	117.32	107.32
Total Imports	555.33	396.35	417.98	421.98
Imports from the US	38.02	24.93	21.61	21.61
Total Market Size	430.41	287.03	318.26	330.76

Source Trade Policy Information System (TPIS) – Transmission and Distribution network category

Leading Sub-Sectors

Information Communications Technologies

Growth is anticipated across information communication technologies that leverage automation and digitalization to enhance grid efficiencies. Australia will see an increase not only in smart meter hardware investment, but also in analytical, visualization and customer engagement services and tools. However, in recent decisions the Australian Energy Regulator (AER) has shown its hand in significantly cutting capital and operational expense levels for network service providers (NSPs), without the financial support for the use of these new technologies.

Energy Storage

Improved technologies, more complex electricity market designs, and increased penetration of renewable energy has been driving the deployment of energy storage solutions in Australia since 2014. It is forecasted that the industry in Australia could implement dynamic tariffs (time-of-use tariffs) to shift some peak load and flatten peaks in electricity demand, leading to a decrease in the costs of running the electricity transmission and distribution networks. As energy storage continues to grow, micro-grids will become more dependent on renewable fuels rather than fossil fuels.

Opportunities

The smart grid investments will focus on improving smart electricity metering, battery storage, advanced storage, and grid communications. The market opportunity remains generally open for vendors, with the exception of the Australian state of Victoria, which has largely completed their smart meter rollouts. Northeast Group estimates investments in Smart Grid infrastructure reaching USD 6.1 billion between 2017 and 2027 in Australia.

New Government initiatives have been introduced to support the growth of the Smart Grid industry in Australia. The USD 37.1 million (AUD 50 million) competitive Smart Cities and Suburbs Program was announced as part of the 2016 Australian election campaign. The program will support projects that

apply innovative technology-based solutions to urban challenges. The program encourages eligible organizations – local governments, private companies, research organizations and not for profit bodies – to deliver collaborative smart city projects that improve the livability, productivity and sustainability of Australian cities, suburbs and towns.

Web Resources

[Smart Grid, Smart City: Shaping Australia's Energy Future, July 2014, Department of Industry, Innovation and Science - Smart Grid, Smart City Project](#)

[Smart Grid Top Markets Report](#)

Customs, Regulations & Standards

Import Tariffs

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

The Free Trade Agreement between the United States and Australia (AUSFTA) came into effect in 2005. AUSFTA eliminated import tariffs on 99 percent of U.S. manufactured industrial and consumer goods, and 100 percent 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 percent 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.

The [Australian Customs Manual](#), contains information on how Customs administers AUSFTA.

Non-Tariff Barriers

The full text of the AUSFTA is available on the [Department of Foreign Affairs and Trade website](#), or the [U.S. Commercial Service](#).

Trade Barriers

Quarantine

The Australian Department of Agriculture and Water Resources ([DAWR](#)) 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." U.S. exporters, however, may find it difficult to comply with Australia's import quarantine requirements. Aside from issues relating to the importation of fresh food and animals, Australia's quarantine measures cover a number of other imported products such as farm, mining and construction machinery, some packaged foods, 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 import permit – especially used machinery. It is a condition of the entry that motor vehicles, motorcycles, machinery (or their parts) or tires are clean and free of contamination of biosecurity concern (internally and externally) before they arrive in Australia. Contamination of biosecurity concern includes, but is not limited to: live insects, seeds, soil, mud, clay, animal feces, animal material and plant material such as straw, twigs, leaves, roots, bark. For quarantine purposes, new field-tested equipment is classified as 'used machinery,' and will require an Import Permit. The Department has the power to re-export contaminated machinery. More detailed information relating

to the import of machinery can be found on the [Department of Agriculture and Water Resources website](#).

Packaging of imported goods can present 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 on the [Department of Agriculture and Water Resources website](#).

For complete information on products that need to comply with Australia's quarantine regulations, U.S. exporters should check the requirements on the [Department's Biosecurity Import Conditions \(BICON\) database](#).

Import Requirements and Documentation

The Australian Customs and Border Protection 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 on the [website](#).

Goods entering Australia may incur duty, 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. Because of the preferential tariff arrangement under the AUSFTA discussed earlier, 99 percent of U.S.-origin goods enter Australia duty free. The importer is still responsible for applicable GST payments.

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 [here](#).

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), and country of origin.

Some authorities that issue import permits publish brochures/pamphlets that explain their areas of concern. However, these agency publications may not 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 percent 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](#).

[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](#)).

Other agencies involved in regulating chemical imports include:
Food Standards Australia New Zealand ([FSANZ](#)).

Australian Pesticides & Veterinary Medicines Authority ([ASPVMA](#)).

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 the requirements. NICNAS provides some guidance on the regulation of chemicals in the [brochure](#).

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 [link](#) provides access to the specific state agencies

For information regarding export and temporary import of defense articles and services, U.S. exporters should refer the Arms Export Control Act (AECA) implemented by The International Traffic in Arms Regulations ([ITAR](#)).

Labeling/Marking Requirements

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.

Detailed guidance on Australia's food labeling requirements is available in the Food & Agricultural Import Regulations and Standards (FAIRS) report from the Office of Agricultural Affairs, U.S. Embassy Canberra. This report is updated each year and a copy of the latest FAIRS report is available on the following web site: [FAIRS](#) (search for FAIRS Country Report which can be found under the Exporter Assistance category). Information on the Food Standards Code (including a nutritional panel example and calculator) can also be viewed on the website of [Food Standards Australia New Zealand \(FSANZ\)](#).

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.

In July 2016 the Australian Government announced reforms to the mandatory Country of Origin labeling regulations which now require greater transparency on the percentage of Australian content. Full details on the new requirements can be found on the [Department of Industry, Innovation and Science website](#). There is a two year transition period which began on July 1, 2016.

US Export Controls

When exporting products to other countries, there are a few things that exporters must keep in mind. To determine whether or not an exporter needs to obtain an export license in order to ship their product, the exporter should look for an Export Control Classification Number (ECCN). An exporter may check the manufacturer's website to find the ECCN or do a self-classification on the [Bureau of Industry and Security's \(BIS\) website](#). The exporter can also request an online classification from BIS which will take a minimum of 14 days.

Ninety percent of products do not have an ECCN. In this case, the goods may be considered EAR99s. EAR99 refers to a basket category that covers most commercial items. Most EAR99s are low-tech goods—like clothing or art. These items can be exported to most places without an export license. However, there are exceptions to this rule:

1. If the good is going to an embargoed country
2. If the good is going to a prohibited end user
3. If the good is in support of a prohibited end use

Screening the end user to determine if they are prohibited is part of the due diligence required of the exporter. EAR99s are also subject to Export Administration Regulations. Companies, persons, and items can be found on the "Lists to Check" database, which will help exporters decide if they are allowed to export their goods and whether or not they need an export license. This list can

be found on the [website](#).

For more information please view the educational videos [here](#).

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, while also maintaining integrity of its national interest. 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.

[Additional Information:](#)

The Defense Trade Control Act 2012 (the Act) received Royal Assent on November 13, 2012, putting in place new measures to control the transfer of defense and strategic goods technologies and bringing Australia into line with international best practice. The Act implements the Australia-United States Defense Trade Cooperation Treaty and strengthens Australia's export controls for defense and dual-use goods.

As of May 2015, individuals or organizations will need to seek permission to supply controlled technology to an entity outside Australia.

The Treaty removes the requirement for individual licenses to be obtained for each export, and allows for the license-free movement of eligible defense

articles within the Approved Australian and U.S. Communities.

The Customs Amendment (Military End-use) Act 2012 also introduced a power to prohibit the export of "non-regulated" goods that may contribute to a military end-use that may prejudice Australia's security, defense, or international relations. It is therefore recommended that the regulations mandated by the ITAR discussed above are carefully followed.

A list that consolidates eleven export screening lists of the Departments of Commerce, State, and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available [here](#).

Temporary Entry

Goods may be brought into Australia on a temporary basis without the payment of duty or taxes for of 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](#).

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).

Prohibited & Restricted Imports

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 a biosecurity import risk analysis (BIRA) process before they can enter the country. A BIRA 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 and Water Resources in Canberra.

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 Department of Agriculture and Water Resources](#) maintains a detailed database on their website of Biosecurity Import Conditions for most agricultural products. Called BICON, the website is: [BICON](#). If a product is not listed in BICON it is highly likely that that product is not permitted entry to Australia at this time. The Department 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). 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 [DAWR website](#). 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

The Australian Customs and Border Protection 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 of 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 the Customs [website](#). The site provides extensive information and guidance, some of which was used in the preparation of this section. Clients can also contact the Customs Information and Support Center.

Trade Standards

Overview

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.

Standard Organizations

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.

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 WTO's Code of Practice, which requires the elimination of technical standards as barriers to international trade. As a result, approximately 33 percent 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](#). 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.

The [DAWR](#), is responsible for enforcing the Standards Code for imported foods. Both [Standards Australia](#) and the National Institute of Standards and Technology ([NIST](#)), 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 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 comply with applicable standards and be 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 Department of the Environment 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 must adhere to Australian Design Rules and Australian automotive standards as well as environmental compliance. 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 (TGA) is in charge of issuing approvals for all medical devices and health-related products. More information on the TGA can be found in the upcoming “Medical Equipment” section of this guide.

[NIST Notify U.S. Service](#)

Member countries of the 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.](#)

[Product Certification](#)

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

[Accreditation](#)

The Standards Accreditation Board's (SAB) 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](#).

[Publication of Technical Regulations](#)

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](#)

A number of voluntary and mandatory labels and marks indicating standards conformity 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, 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

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

The AUSFTA, as mentioned previously in the document, provides major benefits for both countries through removal of tariffs, and the phased opening of markets. More information can be found on the [website of the Department of Foreign Affairs and Trade](#) and the [Office of the United States Trade Representative](#).

U.S. companies interested in exporting to Australia can access information on exporting US originating goods [here](#).

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:

- ASEAN
- Chile
- China
- Japan
- Korea
- Malaysia
- New Zealand (CER)
- Pacific Agreement on Closer Economic Relations (PACER) Plus
- Singapore
- Thailand

- United States of America

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 76 percent of its goods and services to APEC economies. Australia is also a leading member of the Cairns Group of 19 agricultural exporting countries.

Licensing requirements for Professional Services

The professional service sector is an important contributor to the Australian economy. This sector encompasses many industries including franchising, legal and accounting services, building and construction (eg. architecture, engineering), business (eg. human resource management, market research, advertising, PR, event management and executive recruitment).

Each industry encompasses specific certification and license requirements. It is recommended that U.S. service providers gain familiarity with the sector to be in compliance

Legal

[Law Council of Australia](#)

[The Law Society of NSW](#)

[Queensland Law Society](#)

[The Law Society](#)

[The Law Society of SA](#)

[The ACT Law Society](#)

[The Law Society of NT](#)

Accountancy

[Certified Practicing Accountants \(CPA\)](#)

[Chartered Accountants Australia and New Zealand](#)

Consulting

[Institute of Management Consultants](#)

Web Resources

[AUSFTA – full text](#)

[Working Tariff Current](#)

[Australia Food Standards Code](#)

[Australian Customs and Border Protection Service](#)

[Australian Pesticides & Veterinary Medicines Authority \(ASPVMA\)](#)

[Department of Agriculture](#)

[Department of Agriculture – biological products checklists](#)

[Department of Agriculture – ICON](#)

[Department of Agriculture – machinery/vehicles](#)

[Australian Tax Office](#)

[Australian Treaties Library](#)

[Customs Brokers and Forwarders Council](#)

[of Australia](#)

[Defence Export Control Office \(DECO\)](#)

[FAIRS reports](#)

[National Institute of Standards and Technology \(NIST\)](#)

[NICNAS](#)

[NIST Notification Service](#)

[Prohibited and Restricted Imports](#)

[Accreditation Board](#)

[Standards Australia](#)

The U.S. – Australia Free Trade Agreement (AUSFTA):

[DEAT](#)

[USTR](#)

Investment Climate Statement

Executive Summary

Australia is generally welcoming to foreign investment, widely considering it to be an essential contributor to Australia's economic growth and productivity. The United States is the dominant source of foreign direct investment (FDI) in Australia. U.S. FDI totaled USD167.4 billion in 2015.

Australia runs an annual current account deficit and, therefore, is dependent on foreign investment, both FDI and portfolio investment. Historically, FDI has been concentrated in the mining and resource sector. In the past few years, there has been a decline in mining investment but an increase in FDI in financial services and real estate.

While welcoming toward FDI, Australia does apply a "national interest" test to qualifying types of investment through its Foreign Investment Review Board (FIRB) review process. In 2016, the Australian government made several changes to the FIRB process to address national security concerns. This was in response to several high-profile asset sales of infrastructure and agricultural land as many State governments privatized assets to raise money either to spend on additional infrastructure or to address budget deficits. The new rules were intended to close gaps in the review system that allowed certain asset sales to take place without FIRB review and to ensure that national security was considered in determining if the sale was in the national interest of Australia. Under the Australia-U.S. Free Trade Agreement, all U.S. greenfield investments are exempt from FIRB screening. U.S. investors require prior approval if acquiring a substantial interest in a primary production business valued above A\$1.094 billion (USD791.6 million).

In response to federal budget deficits and public perceptions of a lack of fairness, the Australian government has tightened anti-tax avoidance legislation that mainly affects multi-national corporations with operations in multiple tax jurisdictions. While some laws have been complementary to international efforts to address tax avoidance schemes and the use of low-tax countries or tax havens,

Australia has also moved in its own direction and has gone further in its efforts than the international community. This trend is likely to continue in 2017.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	13 of 176	Corruption Perception Index
World Bank's Doing Business Report "Ease of Doing Business"	2017	15 of 190	Doing Business Report
Global Innovation Index	2016	19 of 128	Global Innovation Index
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 167.4	U.S. FDI
World Bank GNI per capita	2015	USD 60,070	GNI Per Capita

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

Australia is generally welcoming to foreign direct investment (FDI), with foreign investment widely considered to be an essential contributor to Australia's economic growth.

A number of investment promotion agencies operate in Australia. The Australian Trade Commission (Austrade) is the Commonwealth Government's national 'gateway' agency to support investment into Australia. Austrade provides coordinated government assistance to promote, attract, and facilitate FDI, supports Australian companies to grow their business in international markets, and delivers advice to the Australian Government on its trade, tourism, international education and training, and investment policy agendas. Austrade operates through a number of international offices, with U.S. offices primarily focused on attracting FDI into Australia and promoting the Australian education sector in the United States. Austrade in the United States operates from offices in Boston, Chicago, Houston, New York, San Francisco, and Washington, DC.

In addition, state investment promotion agencies also support international investment at the state level and in key sectors. For example, Investment Attraction South Australia aims to drive inward investment for South Australia. Invest in New South Wales similarly seeks to promote New South Wales as an investment location.

Limits on Foreign Control and Right to Private Ownership and Establishment

Within Australia, the right exists for foreign and domestic private entities to establish and own business enterprises and engage in all forms of remunerative activity in accordance with national legislative and regulatory practices.

See Section 4: Legal Regime – Laws and Regulations on Foreign Direct Investment below for information on Australia's investment screening mechanism for inbound foreign investment.

Other than the screening process described in Section 4, there are few limits or restrictions on foreign investment in Australia. Foreign purchases of agricultural land greater than AUD 15 million (USD10.8 million) are subject to screening. This threshold will apply to the cumulative value of agricultural land owned by the foreign investor, including the proposed purchase. However, the agricultural land screening threshold does not affect investments made under AUSFTA. The current threshold remains AUD 1.094 billion (USD791.6 million) for U.S. non-government investors. Future investments made by U.S. non-government investors will be subject to inclusion on the foreign ownership register of agricultural land and are also subject to Australian Tax Office (ATO) information gathering activities on new foreign investment.

All foreign persons, including U.S. investors, must notify the Australian government and receive prior approval to make investments of five percent or more in the media sector, regardless of the value of the investment.

Other Investment Policy Reviews

Australia has not conducted an investment policy review in the last three years through either the OECD or UNCTAD system. A WTO review of the trade policies and practices of Australia did take place however, in April 2015, and can be found at [WTO](#)

The Australian Trade Commission compiles an annual ‘Why Australia Benchmark Report’ that presents comparative data on investing in Australia in the areas of Growth, Innovation, Talent, Location and Business. The report also compares Australia’s investment credentials with other countries and provides a general snapshot on Australia’s investment climate. See [Benchmark-Report](#).

Business Facilitation

Business registration in Australia is relatively straightforward and is facilitated through a number of Government web sites. The Commonwealth Department of Industry, Innovation and Science’s [Business website](#) provides an online resource and is intended as a ‘whole-of-government’ service providing essential

information on planning, starting and growing a business. Foreign entities intending to conduct business in Australia as a foreign company must be registered with the Australian Securities and Investments Commission (ASIC). As Australia's corporate, markets, and financial services regulator, the ASIC Web site provides information and guides on starting and managing a business or company.

In registering a business, individuals and entities are required to register as a company with the ASIC, which then gives the company an Australian Company Number, registers the company, and issues a Certificate of Registration. According to the World Bank 'Starting a Business' indicator, registering a business in Australia takes 2.5 to 3 days.

Outward Investment

Australia generally views outward investment positively, and as a means to grow its economy. There are no restrictions on domestic investors. Austrade offers assistance to Australian businesses looking to invest abroad.

Bilateral Investment Agreements and Taxation Treaties

Australia is a party to bilateral investment treaties with Argentina, China, Czech Republic, Egypt, Hong Kong, Hungary, India, Indonesia, Laos, Lithuania, Mexico, Pakistan, Papua New Guinea, Peru, Philippines, Poland, Romania, Sri Lanka, Turkey, Uruguay and Vietnam.

The United States and Australia signed the Australia-U.S. Free Trade Agreement (AUSFTA) in 2004. In addition to AUSFTA, Australia has bilateral free trade agreements (FTAs) with Chile, China, Japan, Korea, Malaysia, Singapore, and Thailand, 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 is currently engaged in bilateral FTA negotiations with the EU, India, and Indonesia, and in the following plurilateral FTA negotiations: the Regional

Comprehensive Economic Partnership (RCEP, consisting of the ASEAN + Six group of nations); the Gulf Cooperation Council (GCC); and a Pacific trade and economic agreement (PACER Plus).

The U.S. – Australia Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes has been in place since 1982 with amendments made in 2001. In addition to the United States, Australia has income tax treaties with 44 other countries and Taiwan.

On April 28, 2014, Australia signed an Intergovernmental Agreement with the United States to implement the Foreign Account Tax Compliance Act (FATCA) and improve tax cooperation. Under FATCA, Australian financial institutions will be required to submit information on accounts held by U.S. citizens. The Intergovernmental Agreement will allow financial institutions to report the information via the Australian Tax Office under the existing U.S.-Australia tax treaty arrangements.

The Australian government has moved aggressively in efforts to fight tax avoidance schemes by multinational corporations. In some cases, it has utilized OECD Base Erosion Profit Shifting (BEPS) recommendations but has also moved further than the BEPS recommendations. In 2016, it implemented multinational anti-avoidance legislation that targets companies that do business in Australia without establishing a permanent presence. In 2017, the government expects to pass diverted profits tax legislation.

Legal Regime

Transparency of the Regulatory System

The Commonwealth Government utilizes transparent policies and effective laws to foster national competition and develop competition policy, and is consultative in its policy making process. The government generally allows for public comment on draft legislation and publishes and makes available laws once they enter into force.

Australian accounting, legal, and regulatory procedures are transparent and consistent with international standards. Accounting standards are formulated by the Australian Accounting Standards Board, an Australian Government agency under the Australian Securities and Investments Commission Act 2001. Under that Act, the statutory functions of the AASB are to develop a conceptual framework for the purpose of evaluating proposed standards; make accounting standards under section 334 of the Corporations Act 2001; and advance and promote the main objects of Part 12 of the ASIC Act, which include reducing the cost of capital, enabling Australian entities to compete effectively overseas and maintaining investor confidence in the Australian economy. The Commonwealth Government conducts regular reviews of proposed measures and legislative changes and holds public hearings into such matters.

Australia subscribes to the 1976 declaration of the 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.

International Regulatory Considerations

Australia is a member of the WTO, the Asia–Pacific Economic Cooperation (APEC) and became the first of the Association of Southeast Nations' (ASEAN) ten dialogue partners in 1974. While not a regional economic block, Australia's free trade agreement with New Zealand provides for a high level of integration between the two economies with the ultimate goal of a single economic market.

Legal System and Judicial Independence

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. Property and

contractual rights are enforced through the Australian court system, which is based on English Common Law.

Laws and Regulations on Foreign Direct Investment

Information regarding investing in Australia can be found in [Austrade's Investor Guide](#). The guide is designed to help international investors and businesses navigate investing and operating in Australia. It is an online guide to the regulations, considerations, and assistance relevant to investing in, establishing, and running a business in Australia, with direct links to relevant regulators and government agencies that relate to Australian Government regulation and available assistance.

Foreign investment in Australia is regulated by the Foreign Acquisitions and Takeovers Act 1975 and Australia's Foreign Investment Policy. The Foreign Investment Review Board (FIRB), a division of Australia's Treasury, is a non-statutory body established to advise the Treasurer and the Commonwealth Government on Australia's foreign investment policy and its administration. The FIRB screens potential foreign investments in Australia above threshold values, and based on advice from the FIRB, the Treasurer may deny or place conditions on the approval of particular investments above that threshold on national interest grounds. Following a number of recent investments made by foreign companies in key sectors of Australia's economy, the laws and regulations governing foreign direct investment have been subject to a wide ranging and ongoing review.

In December 2015, the Government enhanced the enforcement of rules governing foreign investment in Australia and introduced a 'national interest' consideration in reviewing foreign investment applications. Changes made in the Government's Foreign Acquisitions and Takeovers Legislation Amendment Bill 2015 provide for greater compliance powers to the Australian Taxation Office (ATO) and introduced strict new penalties for investors circumventing foreign investment rules. The Government also introduced a new agricultural land foreign ownership register to understand the nature of foreign ownership of Australian land. The ATO also collects information on the location and size of property and size of interest

acquired on new foreign investment in agricultural land and residential real estate. Lower screening thresholds for agricultural land and agribusiness also mean that more agricultural investment is screened by the FIRB.

In February 2016, the Government announced its intent to implement a national register of foreign ownership of water access entitlements, which is intended to enhance transparency and assist in informing the Government and the community about emerging investment trends. The Government also announced new requirements on foreign investment applications to ensure that multinational companies investing in Australia pay tax on what they earn in Australia.

In March 2016, the Government announced that it would amend the Foreign Acquisitions and Takeovers Regulation so that the FIRB could assess the potential sale of 'critical state-owned infrastructure assets' to private foreign investors. Starting March 31, 2016, the FIRB will formally review critical infrastructure assets sold by State and Territory governments.

Under the Australia-United States Free Trade Agreement (AUSFTA), all U.S. greenfield investments are exempt from FIRB screening. U.S. investors require prior approval if acquiring a substantial interest in a primary production business valued above AUD 1.094 billion (USD791.6 million).

Competition and Anti-Trust Laws

The Australian Competition and Consumer Commission (ACCC) enforces the *Competition and Consumer Act 2010* and a range of additional legislation, promotes competition, fair trading and regulates national infrastructure for the benefit of all Australians. The ACCC plays a key role in assessing mergers to determine whether they will lead to a substantial lessening of competition in any market. ACCC also engages in consumer protection enforcement.

Expropriation and Compensation

Private property can be expropriated for public purposes in accordance with Australia's constitution and established principles of international law. Property

owners are entitled to compensation based on “just terms” for expropriated property. There is little history of expropriation in Australia although a few U.S. investors have claimed certain commercial disputes should be considered expropriation. (See below description.)

Dispute Settlement

ICSID Convention and New York Convention

Australia is a member of the International Centre for the Settlement of Investment Disputes (ICSID Convention) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. The International Arbitration Act 1974 governs international arbitration and the enforcement of awards.

Investor-State Dispute Settlement

Investor-State Dispute Settlement (ISDS) is included in some but not all of Australia’s 21 BITs and 9 FTAs. AUSFTA establishes a dispute settlement mechanism for investment disputes arising under the Agreement. However, AUSFTA does not contain an investor-state dispute settlement (ISDS) mechanism that would allow individual investors to bring a case against the Australian government. Regardless of the presence or absence of ISDS mechanisms, there is no history of extrajudicial action against foreign investors in Australia.

International Commercial Arbitration and Foreign Courts

Australia has an established legal and court system for the conduct or supervision of litigation and arbitration, as well as alternate dispute resolutions. Australia is a 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.

Bankruptcy Regulations

Bankruptcy is a legal status conferred under the Bankruptcy Act 1966 and operates in all of Australia’s States and Territories. Only individuals can be made bankrupt

and not businesses or companies. Where there is a partnership or person trading under a business name, it is the individual or individuals who make up that firm that are made bankrupt. Companies cannot become bankrupt under the Bankruptcy Act though similar provisions (called administration and winding up) exist under the Corporations Act 2001.

The Bankruptcy Act established the roles of Inspector-General in Bankruptcy and Official Receiver and Official Trustee in Bankruptcy, and the Australian Financial Security Authority (AFSA) oversees each of these roles. The relevant courts covering bankruptcy are the Federal Court of Australia, General Division, and the Federal Circuit Court. Creditors can apply to the court to make an individual bankrupt if they can satisfy the court that a debtor owes them money; however, when an individual enters bankruptcy, this limits the rights of unsecured creditors to recover their debts directly from the debtor.

Industrial Policies

Investment Incentives

The Commonwealth Government and State and Territory Governments provide a range of measures to assist investors with setting up and running a business and undertaking investment. Types of assistance available vary by location, industry, and the nature of the business activity. Austrade provides coordinated government assistance to attracting FDI and is intended to serve as the national point-of-contact for investment inquiries. State and Territory Governments similarly offer a suite of financial and non-financial incentives. Australian and State and Territory Governments provide selected grants to businesses for establishing or expanding a business, or for specific activities such as research. The Commonwealth Government also provides incentives for companies engaging in research and development (R&D), and delivers a tax offset for expenditure on eligible R&D activities undertaken during the year. R&D activities conducted overseas are also

eligible under certain circumstances, and the program is jointly administered by AusIndustry (Government agency) and the Australian Taxation Office.

Foreign Trade Zones/Free Ports/Trade Facilitation

Australia does not have any free trade zones or free ports.

Performance and Data Localization Requirements

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

Under the Telecommunications (Interception and Access) Amendment (Data Retention) Bill 2015, telecommunications service providers are required to retain and secure, for two years, telecommunications data (not including content); to protect retained data through encryption; and to prevent unauthorized interference and access. The Bill limits the range of agencies that are able to access telecommunications data and stored communications, establishes a “journalist information warrants regime.” Australia’s Personally Controlled Electronic Health Records Act prohibits the transfer of health data out of Australia in some situations.

Protection of Property Rights

Real Property

A strong rule of law protects property rights in Australia and operates against corruption. Mortgages exist and foreigners are allowed to buy real property subject to certain registration and approval requirements.

Intellectual Property Rights

Australia generally provides strong intellectual property rights (IPR) protection and enforcement through legislation that, among other things, criminalizes copyright piracy and trademark counterfeiting. The Australia Border Force reported seizing 190,000 individual items of counterfeit and pirated goods, worth

approximately A\$16.9 million (USD12.68 mn), during the fiscal year ending June 30, 2016. Australia is not listed in USTR's Special 301 report or on USTR's notorious market report.

Under the AUSFTA, Australia must notify the holder of a pharmaceutical patent of a request for marketing approval by a third party for a product claimed by that patent. U.S. and Australian pharmaceutical companies have raised concerns that unnecessary delays in this notification process restrict their options for action against third parties that would infringe their patents if granted marketing approval by the Australian Therapeutic Goods Administration.

Australia was an active participant in the Anti-Counterfeiting Trade Agreement (ACTA) negotiations and signed ACTA in October 2011. It has not yet ratified the agreement. ACTA would establish an international framework to assist Parties in their efforts to effectively combat the infringement of intellectual property rights, in particular the proliferation of counterfeiting and piracy.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Contact at U.S. Embassy:

Michael Roberts

Deputy Economic Counselor

61 2 6214 5810

robertsmr@state.gov

Financial Sector

Capital Markets and Portfolio Investment

Australian capital markets are generally efficient and are able to provide financing options to businesses. While the Australian equity market is one of the largest and

most liquid in the world, non-financial firms do face a number of barriers in accessing the corporate bond market. Large firms are more likely to use public equity and smaller firms more likely to use retained earnings and debt from banks and intermediaries. Australia's corporate bond market is relatively small, particularly when compared to the government bond market, though this is showing signs of steady expansion. Foreign investors are able to get credit on the local market on market terms.

Money and Banking System

Australia's banking system is robust, highly evolved, and international in focus. Bank profitability is strong and has been supported by further improvements in asset performance. According to the Reserve Bank of Australia (RBA), the ratio of non-performing assets to total loans was 0.9 per cent at June 2016, slightly higher than 0.77 per cent at June 2015. Foreign banks are allowed to operate as a branch or a subsidiary in Australia.

Foreign Exchange and Remittances

Foreign Exchange

The Commonwealth Government formulates exchange control policies with the advice of the RBA and the Treasury. The RBA, charged with protecting the currency, has the authority to implement exchange controls, although there are currently none in place.

The Australian dollar is a fully convertible and floating currency. The Commonwealth Government does not maintain currency controls or limit remittances. Such payments are processed through standard commercial channels, without governmental interference or delay.

Remittance Policies

Australia does not limit investment remittances.

Sovereign Wealth Funds

Australia's sovereign wealth fund, the Future Fund, is a financial asset investment fund owned by the Australian Government and established under the Future Fund Act of 2006. The Fund was established to enhance the ability of future Australian Governments to discharge unfunded superannuation (pension) liabilities expected after 2020, when an ageing population is likely to place significant pressures on Government finances. As a founding member of the International Forum of Sovereign Wealth Fund (IFSFW), the Future Fund's structure, governance, and investment approach is in full alignment with the Generally Accepted Principles and Practices for Sovereign Wealth Funds (the 'Santiago principles').

In addition to the Future Fund, the Australian government has created a number of 'nation-building funds', a Disability Care Fund, and a Medical Research Future Fund. A Building Australia Fund was established by the Nation-building Funds Act 2008, to enhance the Commonwealth's ability to make payments in relation to the creation or development of transport, communications, energy, and water infrastructure and in relation to eligible national broadband matters. An Education Investment Fund was established to make payments in relation to the creation or development of higher education infrastructure, research infrastructure, vocational education and training infrastructure, and eligible education infrastructure. A DisabilityCare Australia Fund was established by the DisabilityCare Australia Fund Act 2013, the aim being to reimburse States, Territories, and the Commonwealth for expenditure incurred in relation to the National Disability Insurance Scheme Act 2013 and to fund implementation of that Act in its initial period of operation. A Medical Research Future Fund was established by the Medical Research Future Fund Act 2015 to provide grants of financial assistance to support medical research and medical innovation.

As of December 31, 2016, the value of the Future Fund totaled AUS127.6 billion (USD 95.7 bn). The value of the Education Investment Fund totaled AUS3.8 billion (USD 2.85 bn); the Building Australia Fund totaled AUS3.7 billion (USD2.78 bn); the

DisabilityCare Australia Fund totaled AUS6.2 billion (USD 4.65 bn), and the Medical Research Future Fund totaled AUS4.6 billion (USD 3.45 bn).

State-Owned Enterprises

In Australia, the term used for a Commonwealth Government State-Owned Enterprise (SOE) is government business enterprise (GBE). According to the Department of Finance, there are six GBEs: two corporate Commonwealth entities and four Commonwealth companies. (See [Resource Management](#)) 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. Remaining GBEs do not exercise power in a manner that discriminates against or unfairly burdens foreign investors or foreign-owned enterprises.

Privatization Program

Australia does not have a formal and explicit national privatization program. The Coalition government announced it would terminate its Assets Recycling Scheme, an initiative offering financial incentives to Australia's States and Territory Government's to privatize state government-owned assets and reinvest the returns into new, productivity-enhancing infrastructure. Individual state and territory governments may have their own privatization programs. Foreign investors are welcome to participate in any privatization programs subject to the rules and approvals governing foreign investment.

Responsible Business Conduct

There is general business awareness and promotion of responsible business conduct in Australia. The Commonwealth Government states that companies operating in Australia and Australian companies operating overseas are expected

to act in accordance with the principles set out in the OECD Guidelines for Multinational Enterprises and to perform to the standards they suggest. In seeking to promote the OECD Guidelines, the Commonwealth Government maintains a National Contact Point (NCP.) The current NCP is the General Manager of the Foreign Investment and Trade Policy Division at the Commonwealth Treasury, who is able to draw on expertise from other government agencies through an informal intra-governmental network. An ANCP Web site links to the 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' noting that the objective is to help companies respect human rights and avoid contributing to conflict through their mineral sourcing practices. The Commonwealth Government's export credit agency, the Export Finance and Insurance Corporation, also promotes the OECD Guidelines as the key set of recommendations on responsible business conduct addressed by governments to multinational enterprises operating in or from adhering countries.

Australia began implementing the principles of the Extractive Industries Transparency Initiative (EITI) in 2016.

RBC is still an emerging concept and practice, and building institutional awareness and support for RBC remains an ongoing process. There is no formal approach to RBC at the national level. A number of independent NGOs and associations exist to promote and monitor RBC.

Corruption

Australia maintains a comprehensive system of laws and regulations designed to counter corruption. In addition, the government procurement system is generally transparent and well regulated. Corruption has not been a factor cited by U.S. businesses as a disincentive to investing in Australia, or to exporting goods and services to Australia.

Non-governmental organizations interested in monitoring the global development or anti-corruption measures, including Transparency International, operate freely in Australia, and Australia is perceived internationally as having low corruption levels.

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

The Attorney-General's Department plays an active role in combating corruption through developing domestic policy on anti-corruption and engagement in a range of international anti-corruption forums. These include the G20 Anti-Corruption Working Group, APEC Anti-Corruption and Transparency Working Group, and the United Nations Convention against Corruption Working Groups. Australia is a member of the OECD Working Group on Bribery and a party to the key international conventions concerned with combating foreign bribery, including the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention).

Under Australian law, it is an offense to bribe a foreign public official, even if a bribe may be seen to be customary, necessary or required. The maximum penalty for an individual is 10 years imprisonment and/or a fine of USD 840,000. For a corporate entity, the maximum penalty is the greatest of: 1) USD 8,403,000; 2) three times the value of the benefits obtained; or 3) 10 percent of the previous 12-month turnover of the company concerned.

A number of national and state-level agencies exist to combat corruption of public officials and ensure transparency and probity in government systems. The Australian Commission for Law Enforcement Integrity (ACLEI) has the mandate to prevent, detect and investigate serious and systemic corruption issues in the

Australian Crime Commission, the Australian Customs and Border Protection Service, the Australian Federal Police, the Australian Transaction Reports and Analysis Center, the CrimTrac Agency, and prescribed aspects of the Department of Agriculture.

An Independent Commission Against Corruption (ICAC) operates in New South Wales to investigate, expose and minimize corruption in the NSW public sector. Similarly, South Australia's Office for Public Integrity and the Independent Commissioner Against Corruption (SAICAC) is tasked with identifying corruption in public administration and investigating and referring for prosecution where appropriate. SAICAC's jurisdiction extends to all South Australian public administration including state and local government agencies and officers, Members of Parliament, members of the judiciary, statutory authorities, and the police.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Australia has signed and ratified the United Nations Convention against Corruption, and is a signatory to the OECD Anti-Bribery Convention.

Resources to Report Corruption

Corruption and Crime Commission

86 St Georges Terrace

Perth, Western Australia

Tel. (08) 9215 4888

info@ccc.wa.gov.au

Independent Commission against Corruption NSW

Level 7, 255 Elizabeth Street

Sydney NSW 2000

Australia

02 8281 5999 (Australia)

icac@icac.nsw.gov.au

Political and Security Environment

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.

Labor Policies and Practices

A number of laws and regulations exist to govern Australia's workplaces, the most notable being the Fair Work Act 2009 and the Fair Work Regulations 2009. As the main legislation that governs the employee-employer relationship in Australia, it provides a safety net of minimum entitlements, enables flexible working arrangements and fairness at work, and prevents discrimination against employees. The Fair Work Act provides enforceable minimum employment terms and conditions through the National Employment Standards (NES).

The Australian Government provides assistance through a Fair Entitlements Guarantee scheme to people owed certain outstanding employee entitlements following the liquidation or bankruptcy of employers.

Immigration has always been an important source for skilled labor in Australia. The Immigration Department has a 'skilled occupations list' (SOL) which can be used by potential applicants seeking to nominate skilled occupations which are acceptable for permanent and temporary skilled migration to Australia under the General Skilled Migration program, and the Employer Nominated Scheme. Applicants must have a nominated occupation when they apply which is applicable to their circumstances.

Most Australian workplaces are governed by a system created by the Fair Work Act 2009. Enterprise bargaining takes place through collective agreements made at an enterprise level between employers and employees about terms and conditions of employment. Such agreements are widely used in Australia. A Fair Work Ombudsman assists employees, employers, contractors, and the community to

understand and comply with the system. The Fair Work Act 2009 establishes a set of clear rules and obligations about how this process is to occur, including rules about bargaining, the content of enterprise agreements, and how an agreement is made and approved.

As of March 2017, the unemployment rate in Australia was 5.9 percent. There were 254 industrial disputes in 2016, a 13% increase from 2015.

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation excludes Australia, as it is not a developing country. The U.S. Export-Import Bank (Ex-Im) can provide financing and other services for major resource sector and energy projects in Australia which support U.S. jobs and exports.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical Source		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015	\$1.339 trillion	2014	\$1.455 trillion	World Bank
Foreign Direct Investment	Host Country Statistical Source		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner	2015	\$173 billion	2015	\$167.4 billion	BEA data

country (\$M USD, stock positions)					
Host country's FDI in the United States (\$M USD, stock positions)	2015	\$105 billion	2015	\$42 billion	BEA data
Total inbound stock of FDI as % host GDP	2015	13%	N/A	N/A	N/A

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Billions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	735.5	100%	Total Outward	542.6	100%
USA	173.5	23.6%	USA	105.3	19.4%
Japan	86.0	11.7%	UK	81.3	15.0%
UK	76.0	10.3%	New Zealand	60.5	11.2%
Netherlands	44.0	6.0%	Singapore	21.2	3.9%
China	35.2	4.8%	China	14.1	2.6%

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	594,957	100%	All Countries	374,331	100%	All Countries	216,223	100%
United States	255,627	43%	United States	176,150	47%	United States	79,447	36%
United Kingdom	51,496	8.7%	United Kingdom	N/A	N/A	Germany	23,961	11%
Germany	31,045	5.2%	Cayman Islands	20,367	5.4%	United Kingdom	15,770	7%
Japan	28,298	4.8%	Japan	18,206	4.9%	Canada	11,374	5.2%

Portfolio Investment Assets								
Cayman Islands	25,072	4.2%	Switzerland	8,850	2.4%	Japan	10,093	4.6%

Contact for More Information

U.S. Embassy
 Moonah Place, Yarralumla, ACT
 61 2 6214 5874
usrsaustralia@state.gov

Trade & Project Financing

Methods of Payment

Australia has a wide range of export financing options available. A few basic tools are described below. U.S. companies 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 an 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.

Banking Systems

The four largest retail banks in Australia are Westpac Banking Corporation, Commonwealth Bank of Australia, Australia and New Zealand Banking Group (ANZ), and National Australia Bank (NAB). They all have 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. However, banking regulations 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, private health insurance, friendly societies (co-ops), and most members of the superannuation industry. APRA currently supervises institutions holding approximately USD 3.7 trillion in assets for almost 24 million Australian depositors, policyholders, and superannuation fund members ([APRA](#)).

Foreign Exchange Controls

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 curb 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.

US Banks & Local Correspondent Banks

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

Project Financing

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 (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 is 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.

The 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.

Financing Web Resources

[Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team](#)

[Export-Import Bank of the United States](#)

[Country Limitation Schedule](#)

[OPIC](#)

[U.S. Trade and Development Agency](#)

[SBA's Office of International Trade](#)

[USDA Commodity Credit Corporation](#)

Banks and Financial Institutions

[Adelaide Bank Ltd](#)

[AMP](#)

[Australia and New Zealand Banking Group Limited \(ANZ\)](#)

[Australian Prudential Regulation Authority](#)

[Australian Transaction Reports and Analysis Center](#)

[Bank of America NA](#)

[Bank of Queensland Ltd](#)

[Bank West](#)

[Bendigo Bank Ltd](#)

[BT Financial Group](#)

[Citibank Australia](#)

[Commonwealth Bank of Australia](#)

[Country Limitation Schedule](#)

[Export-Import Bank of the United States](#)

[JP Morgan Australia Pty Ltd](#)

[Macquarie Bank Ltd](#)

[Merrill Lynch Australasia](#)

[Morgan Stanley Australia Limited](#)

[National Australia Bank Limited](#)

[OPIC](#)

[SBA's Office of International Trade](#)

[State Street Bank and Trust Company](#)

[St. George Ltd](#)

[Suncorp Group](#)

[U.S. Trade and Development Agency](#)

[USDA Commodity Credit Corporation](#)

[Westpac Banking Corporation](#)

Business Travel

Business Customs

Conducting business in Australia is relatively easy for American companies due to the similarities in language, cultural environment, business practices, and customer expectations. 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 rural areas are slightly more informal.

Travel Advisory

For State Department travel warnings, please visit the [website](#).

For additional State Department information on Australia, please visit the [website](#).

Visa Requirements

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 [here](#) or [here](#) and from participating U.S. travel agents and airlines when making travel arrangements. There is an AUD20 service fee for each ETA application. 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 the [Department of Immigration and Border Protection website](#).

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](#)

[U.S. Embassy in Australia website](#)

The Australian Customs and Border Protection Service has extended the use of SmartGate to U.S. citizens on arrival in Australia. SmartGate is a simple way for eligible travelers arriving into Australia's international airports to self-process through passport control. Further information is available [here](#).

Currency

Australia's local currency is the Australian Dollar. Further information on Australia's currency is available on the [website](#).

Telecommunications/Electric

Australia's telecommunications infrastructure is well developed. Australian telecommunications providers include: Telstra, Optus, Vodafone, and Virgin. All the cell phone carriers run 4G networks. 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. Power voltage is 240 volts/50Hz.

Australia and New Zealand use power terminals that differ from those used in the United States. Hence, adaptors can be purchased at airports or specific electronic stores.

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.

For more information on telecommunications in Australia see the [Australian Communications and Media Authority](#) website

Transportation

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 American Airlines, Delta Air Lines, Hawaiian Airlines, United Airlines, Qantas Airways, Virgin 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 Australia, 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 or San Francisco) - 21 hrs

Dallas/Fort Worth to Sydney - 16 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

Australia is an English-speaking country.

Health

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 exposure to Australia's strong sun and to use sunscreen. 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

Australia has three time zones: Eastern, Central, and Western. Not all Australian states observe daylight savings time and the dates for the switch to and from daylight savings time varies. To check the current time in Australia, refer to the [website](#).

Office business hours are generally between 9:00am – 5:00pm, 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 on the [Australian Government website](#).

Temporary Entry of Materials or Personal Belongings

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 the [Department of Immigration and Border Protection website](#).

Travel Related Web Resources

[Australian Communications Authority](#)

[Australian Department of Immigration and Border Protection](#)

[Australian Department of Immigration and Border Protection office in the U.S.](#)

[Australian Embassy Website](#)

[Australian Embassy U.S. Visas Website](#)

[Australian Visa information](#)

[Public Holidays in Australia](#)

[Time conversion](#)

[U.S. State Dept. Visa Website](#)

[U.S. State Dept. Travel Warnings](#)

[U.S. State Dept. Visa Website](#)

Australian Tourist Office

[Australian Tourist Commission](#)

Australian State Tourist Offices

[Australian Capital Territory](#)

[New South Wales Tourist Commission](#)

[Victorian Tourist Commission](#)

[Tourism Queensland](#)

[South Australian Tourist Commission](#)

[Western Australian Tourist Commission](#)

[Northern Territory Tourism Commission](#)

[Tourism Tasmania](#)