



“An FTA is a major undertaking and the negotiating process itself is a significant aspect of further building a cooperative partnership”

Interview

Mr. Tony Park
Director, Australian CCI and CACCI Vice President

Does Australia CCI maintain special position and special links with the GCC Countries due to the Free Trade Agreement (FTA) signed between Australia and the GCC Countries?

GCC Countries are very important to Australia. Currently the GCC ranks as Australia's tenth largest export market overall (both goods and services), worth A\$6.8 billion in 2007-2008. Significant trade opportunities exist for both sides.

Australia commenced FTA discussion with the GCC in May 2007. This followed the decision in 2006 by the United Arab Emirates (UAE) that bilateral negotiations already under way with Australia be incorporated into GCC-wide negotiations. Since 2007, Australia has had two rounds of negotiations

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covering goods (rules of origin, government procurement, customs procedures and technical barriers), services (including education, e-commerce, telecommunications and financial services), investment, intellectual property, and competition policy. The negotiations are “comprehensive” negotiations covering all areas of trade between Australia and the GCC but no final agreement has been signed to date.

Unfortunately, at the end of the second round of negotiations in November 2007 the pace of negotiations

was slowed primarily as a result of the elections in Australia and the change of Government. However, a new round has just been announced which will be held in Canberra at the end of February 2009 and the momentum of negotiations is expected to pick-up this year.

Could you describe the main dealings of this FTA?

As mentioned the FTA covers all areas of trade between Australia and the GCC: goods, services, investment, intellectual property and competition policy. The FTA will help to further consolidate the excellent commercial links that already exist between Australia and the GCC. For example, an FTA will help to maintain the competitiveness of Australia's automotive exports which are currently are largest export valued at A\$2 million.

Services are also an important part of Australia's trade profile in the region and the FTA will provide a stronger basis for Australia companies in the services sector to operate effectively in the GCC countries. Education continues to be a major export earner for Australia in the Arab countries but other services exports including architecture, construction, engineering, project management, health care and financial services are also playing an increasingly important role. Australian services companies are very excited about the prospects with the GCC.

What are the achievements of this FTA today?

To date, there have been two FTA negotiation rounds with the GCC. The third round of negotiations will take place in February 2009. At the conclusion of the second round solid progress had been achieved and all the likely components of an FTA had been covered.

The second round capitalized on earlier progress,

particularly on services issues and the GCC used the meeting to respond to many of the issues that Australia had raised. There was an extensive exchange on the respective approaches to market access for goods and the GCC made an investment offer.

However, the key achievements of the FTA to date underpin a wider maturing of the successful relationship that Australia has with the GCC. The FTA also gives a greater impetus to the GCC itself becoming a regional trading bloc as Australia's negotiations follow from the negotiations the GCC has commenced with China, India and New Zealand. An FTA is a major undertaking and the negotiating process itself is a significant aspect of further building a cooperative partnership.

What are the business opportunities existing between Australia and the GCC Countries?

As mentioned previously, significant opportunities exist between Australia and the GCC. Automotive exports are Australia's largest merchandise export but services are an increasingly important export. Opportunities currently exist in education, architecture, construction, engineering, project management, health care and financial services. But looking at the most recent trade figures between Australia and the GCC, opportunities clearly exist in agriculture and live animals, mining, logistics, water management and environmental services.

In this context of economic cooperation between Australia and the GCC Countries, which sectors are you keen to attract GCC investors to? What are the incentives that Australia offers to potential investors?

GCC investors are already positively involved in investments in Australia. GCC investors have successfully invested in property and hotels, in the agriculture sector, chemicals and fertilizers and the mining sector. Interestingly, food security appears to be a growing issue in GCC countries and direct investment in a major food producing country like Australia is an increasingly attractive option for GCC investors.

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Australia offers many incentives to potential investors such as a secure and transparent legislative environment, ease of banking and competitive global financial services, Australian Government service assistance through its Federal and State bureaucracies, and trade support through organizations such as Invest Australia. The Australia-Arab Chamber of Commerce and Industry, and the Australian Chamber of Commerce and Industry (ACCI) and its affiliated State Commerce Chambers are also accessible and open organizations offering great support and advice to overseas investors looking at opportunities in Australia.

Moreover, what kind of partnerships are Australian companies targeting in GCC?

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How do you see the evolution of the relationships between GCC and Australia in the medium term?

Prospects between the GCC and Australia remain strong and many Australian companies see the GCC as an exciting and attractive market. Despite the current global financial crisis Australian companies are not concerned about the trade relationship with the GCC. While growth will slow the GCC still remains a strong economic grouping with enormous growth prospects and opportunities for Australian companies.