

2015 ACCI TRADE SURVEY



AUSTRALIAN CHAMBER OF
COMMERCE AND INDUSTRY

2015

A black and white photograph of a busy port. In the foreground, there are large stacks of shipping containers. In the middle ground, several gantry cranes are visible, some with ships docked at the pier. The background shows a wide expanse of water and a cloudy sky. The large white text '2015' is overlaid on the right side of the image.

ABOUT THE SURVEY

The 2015 ACCI Trade Survey is designed to identify and understand issues relating to cross-border transactions faced by Australian businesses.

In the 2015 edition, a sample of 227 businesses of various sizes and industries were surveyed, across Australian states and territories. Firms were categorised as small (up to 19 employees), medium (20-199 employees) or large (200 or more employees).

The 2015 ACCI Trade Survey was distributed via ACCI's state and territory based chambers of commerce and selected industry association members from 1 October to 10 November 2014.

Full details regarding respondents' profiles can be found in the full report.

ACCI also conducted a qualitative research phase that took place during November and December 2014. A total of 16 businesses were interviewed in light of the responses gathered from the quantitative survey. The firms gave their permission to be interviewed at the conclusion of the survey. The resulting case studies are varied, providing a cross section of responses across industry and firm size. Full research method details are provided in the full report.

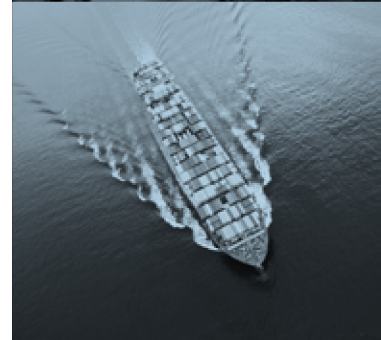
NB: In most cases percentages have been rounded to one decimal place, so figures may not always add up to 100 per cent. All monetary values referenced are in Australian dollars.

SURVEY HIGHLIGHTS

- International competitiveness remains a concern for the majority of businesses surveyed.
- Red tape and compliance remain key issues for internationally engaged businesses.
- Businesses, overall, have low knowledge and understanding of application of negotiated free trade agreements (FTAs).
- The internet is now considered the favoured source of identifying market opportunities by small and medium businesses (over private market visits).
- Businesses are happy with the services provided by chambers of commerce and the Certificate of Origin document process.

CONTENTS

About the Survey	1
Survey highlights	1
Introduction	3
Access to Information	4
Trade related issues	6
Trade Administration and documentation	10
Trade Agreements	12
Trade support	16
Chambers of commerce and industry associations	19
Appendix I	20
Appendix II	21





The 2015 ACCI Trade Survey reveals that Australian businesses engaged in international trade are flexible and actively looking for opportunities.

The quantitative survey revealed key insights into six categories:

- Access to information
- Trade related issues
- Trade administration
- Trade agreements
- Trade support services of chambers of commerce and industry associations
- Service of chambers of commerce and industry associations

Most of the survey respondents were engaged in both importing and exporting, with 15 per cent engaged exclusively in the exporting of services. The respondents were most heavily involved in trade with Asia, in particular China, Thailand and Singapore.

For the first time, ACCI undertook a second phase of data analysis in the form of qualitative case studies. These were conducted to obtain further information from respondents regarding specific areas of the trade environment affecting their business.

Overall, the results demonstrate the tenacity and resilience of Australian traders. Businesses engaged in international transactions often face many obstacles. However, the results show ultimately that businesses are committed to their international ventures – in spite of the challenges.

ACCESS TO INFORMATION

Businesses were asked which channels they utilised to find trade related opportunities. The survey found that small and medium sized firms are favouring more cost-effective methods of gaining market opportunity.

Of the respondents that undertook Private Market Visits (PMVs), over 40 per cent reported spending over \$20,000 per trip. Almost one third of small businesses spent between \$5,000 and \$10,000, whereas almost half of medium sized businesses and the almost 70 per cent of large businesses reported spending over \$20,000.

The shift in small and medium business to focus on the internet instead of PMVs could likely be attributed to the high costs of participation and an increase in the quantity and quality of information available online.

On the other hand, the majority of large firms (67.9 per cent) continue to favour PMVs, with a lower percentage favouring the internet when compared to small and medium businesses (48 per cent).

A higher number of large firms further noted that they are participating in trade missions compared with results from 2014. Almost one quarter stated they used trade missions 'always' or 'often', compared to only 4.3 per cent in the previous year. The use of chambers of commerce services had also increased over the year by large businesses by nearly 26 percentage points, or over 300 per cent, between 2014 and 2015.



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This suggests that small and medium-sized businesses are becoming more sensitive to costs with regard to doing business internationally, relying on more cost effective forms of communication for investigating overseas markets. We can also infer that offerings and information on the internet have improved to a point by which businesses are willing to place more importance on it as a place of reference and provider of reliable information.

Furthermore, the use of information gathered via newspapers had the biggest jump in ranking from the 2014 results with a 135.6 percentage change, moving from last position to rank at number five. Higher usage of newspapers by businesses could also be attributed to the availability and easy access of online newspapers.

Table 1 – Avenues for information on trade opportunities rankings from 2014 and 2015 – all business

2015 RANK	MODE	MOVEMENT IN RANK FROM 2014	% CHANGE
1	The internet (2)	UP	33.4
2	Private market visits (1)	DOWN	5.6
3	Industry Associations (3)	–	23.0
4	Participating in trade missions (5)	UP	27.2
5	Newspapers (8)	UP	135.6
6	Austrade (4)	DOWN	-1.7
6	Chamber of Commerce (6)	–	18.9
7	State Government (7)	–	9.7

(Number in brackets denotes 2014 ranking)

TRADE RELATED ISSUES

TOP FIVE TRADE ISSUES

Respondents were asked to report on trade issues causing the most concern. The top five trade issues identified across all businesses in the quantitative survey were:

1. Overall competitiveness (1)
2. Exchange rate too high (2)
3. Complexity of rules and red tape for international trade (3)
4. Customs and border crossing costs (5)
5. Non-tariff barriers (such as regulation and standards)

Table 2 - Top five trade issues according to firm size

	Small	Medium	Large
1	Overall international competitiveness	Overall international competitiveness Exchange rate too high	Overall international competitiveness
2	Exchange rate too high	Complexity of rules and red tape for international trade	Non-tariff barriers (such as regulation or standards)
3	Customs and border crossing costs	Non-tariff barriers (such as regulation or standards)	Ability to service international markets
4	Complexity of rules and red tape for international trade	Ability to service international markets	Complexity of rules and red tape for international trade
5	Subsidies for competitors	Corruption in international markets	Exchange rate too high

(Note the exchange rate was 0.88 AUD = 1 USD (monthly average) for October 2014)

TOP FIVE TRADE ISSUES (CONT.)

The results show that Australia's international competitiveness remains a serious concern for businesses (particularly for large firms, who almost unanimously expressed concern). This is in line with the World Economic Forum's *Global Competitiveness Report* (GCR), which shows Australia's overall competitiveness ranking has fallen to 22nd place (New Zealand is ranked 17).

Furthermore, according to the GCR, Australia's ranking on "burden of government" was 124th out of 144, putting Australia well behind less-developed countries such as Pakistan, Malawi and Albania.

Trade issues relating to compliance and red tape emerged as key themes during the qualitative analysis. The issue of compliance and the 'uneven' playing field on which Australian traders must compete was discussed by the respondents.

For example, Case 3 commented on the added costs associated with complying with government regulation. A sophisticated manufacturer of technology for the mining industry with 145 employees, Case 3, stated that six to seven years ago, the cost of compliance for one year was measured at between \$450,000 to \$500,000. Compliance and regulatory burden has been described as a 'very vertical wall' and that despite rhetoric from government regarding reduced red tape, the reality remained that businesses are not seeing an improvement.

We contributed to WA Chambers research at one time - the cost of compliance. We actually sat down and worked it out ... and that time, you know six - seven years ago, I think it was \$450K - \$500K of direct compliance cost. (Case 3, Mining, p.2)

I hear the government talking about innovation... supporting that Put it on the other side of the fence. Put it in our shoes, where we're a highly compliant company in all respects - tax, whatever compliance requirements, standards and the like. It's a very, very vertical wall for us to climb over. So we hear the rhetoric on one side, but we deal with the practicality on the other side. (Case 3, Mining, p.2).

Furthermore, beyond the dollar value of compliance costs, Case 3 noted that it "soak[s] up the intellectual horsepower" of senior executives with highly developed skill sets, whose time is expensive and in demand. This is considered to be an ineffective use of company resources.

We create, and we're in the smart, niche, high value manufacturing area that Australia needs, but you know, we would like to see some of those obstacles lessened because they soak up the intellectual horsepower of the people who are best thinking about what we can do in our little niche space - including me, our engineering manager, our R&D manager, you know senior people in finance and the likes... that's just a waste. (Case 3, Mining, p.2).

The case study findings are in line with other data sources such as the ACCI 2015 Red Tape Survey and the 2015 ACCI Trade Survey, whereby the issue of compliance and red tape were strongly identified. The issue of complexity of rules and red tape for international trade was ranked amongst the top three issues by respondents of the 2015 ACCI Trade Survey (Part I), a position it has maintained over the two years the survey has been run. This suggests, in spite of concerted efforts by the Australian government to reduce the burden of bureaucracy, business is not noticing a marked improvement.

¹ Reserve Bank of Australia. (2015). Historical Data: Exchange Rates. Exchange Rates - Monthly - January 2010 to latest complete month of current year. <http://www.rba.gov.au/statistics/historical-data.html#exchange-rates>

² World Economic Forum. (2014). Global Competitiveness Report: 2014-15. http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

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PIRACY, CORRUPTION AND COMMERCIAL DISPUTES

Firm experiences regarding piracy, corruption and commercial disputes in international trade remain little changed from the year prior. More than one fifth of respondents said they experienced corruption at least 'sometimes', with the majority stating they 'rarely' or 'never' experienced piracy. Just over a quarter said they 'sometimes' experienced commercial disputes.



COST OF LABOUR

The cost of labour is often raised as an inhibiting factor to employment and manufacturing in Australia. Australia ranks amongst the worst in the world according to the GCR Labour Market Efficiency index³. More specifically, Australia ranked poorly in flexibility (114); cooperation in labour-employer relations (109); flexibility of wage determination (132); and hiring and firing practices (136). Data from The Conference Board shows that Australian unit labour costs for the manufacturing sector have more than doubled since 1990 and the growth rates in unit labour costs have vastly outpaced other advanced economies and regional competitors

The cost of labour was raised by some respondents as a reason for moving their manufacturing operations overseas. Australian labour costs were seen as unsustainably high. As a result some firms have developed manufacturing plants in China and Indonesia.

Case 12, a manufacturer of footwear for mine sites has outsourced to an Indonesian manufacturing facility for the production of their goods. This decision to offshore was attributed to the “prohibitive” labour costs in Australia.

We have an Indonesian company that works exclusively for us. The cost of labour is prohibitive for producing in Australia. (Case 2, Manufacturing, p.1).



Case 4, an importer and supplier of online advertising, favours outsourcing to the Philippines due to the “much lower wage costs”. It is a matter of “compete or die”.

In one sense it's size. Most of what I'm doing... like the internet marketing stuff, it is fiercely competitive. You're dealing with India and outsourcing, Filipinos who have much lower wage costs obviously, but in the end it probably doesn't matter. It's just the market we deal in and we either have to compete or die. Simple as that! (Case 4, Importing, p. 3).

The respondent goes on to state that “we’d never employ an Australian” due to the cost of labour and the way in which India is structured to provide certain services to business (such as administration).

Interviewer: Do you have any difficulties in employing people in Australia?

Respondent: No, because I don't employ people in Australia. For my internet teleconference business, if I need services then we use Indian outsources. We'd never employ an Australian.

Interviewer: You would never employ an Australian?

Respondent: No.

Interviewer: And why is that?

Respondent: It's just not feasible. I mean how can you compete with the Indian and Filipino outsources.

Interviewer: So it's the cost of labour?

Respondent: Yeah and it's also a much neater operation to contract someone to do a specific service in a specific point in time with no ongoing commitments.

(Case 4, Importing, p. 3).

³ World Economic Forum. (2014). Global Competitiveness Report: 2014-15. http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

⁴ The Conference Board. (2015). International Comparisons of Manufacturing Productivity and Unit Labor Costs Trends, Report Tables <http://www.conference-board.org/ilcprogram/index.cfm?id=21291>

TRADE ADMINISTRATION & DOCUMENTATION

Trade documentation is a required component for businesses engaged in international trade. This aspect of trade can be complex and can often be overwhelming for early-stage exporters or importers. Depending on the product in question, businesses may be required to provide Certificates of Origin, Bills of Lading, phytosanitary certificates, letters of credit and other forms of certification. Whilst it is acknowledged that efforts have been made by the Australian government to streamline systems and departments, the findings show that issues remain.

Overall, respondents' mostly rated their experiences as positive. The Certificate of Origin process had the most positive response, with the majority describing it as either 'excellent' or 'good'. Consular legalisation/endorsement was rated the poorest.

Subsequently, case respondents were asked about their interaction with chambers and the Certificate of Origin process. Case 10, the manufacturer of contact lenses was very satisfied with the process.

Interviewer: Are you a member of CCIWA [Chamber of Commerce and Industry Western Australia]?

Respondent: Yes, we are. What we're using them for is mostly export certificates.

Interviewer: And how do you find dealing with them?

Respondent: Great! I email one and the next day it's done! Very excellent.

(Case 10, Medical Devices, p.2)

Case 12 concurred, stating the process was "straight forward". When they required documentation for a transaction with Saudi Arabia, the Victorian Employers Chamber of Commerce and Industry (VECCI) were considered "very good". It was also noted that the start-up process can take some time to "get your head around it", but once they had completed the process it became easier.

Interviewer: What is your opinion of the Certificate of Origin process in Australia?

Respondent: Yeah, it's good. It's relatively straight forward. Again, a new experience for us - like anything when you do it the first time it takes a bit longer to get your head around it. What's required and so forth. It went relatively smoothly once we had an understanding of what we needed. It was more the requirements from the Saudi side. Once we knew what those requirements were to get them actioned, it was relatively straight forward. VECCI, they were very good. (Case 12, Arts, p. 3).

Some documentation requirements were considered difficult to understand and often resulted in delays to business practices. Such delays can have a significant impact on firms' ability to take advantage of international opportunities. Some respondents called for the trade documentation system to be harmonised to relieve unnecessary doubling up or extreme documentary requirements by some countries.

“THE FINDINGS ALSO SUGGEST THERE IS A NEED AND DESIRE FOR BUSINESSES TO HAVE A BETTER ALIGNED DOCUMENTARY PROCESS. PUT SIMPLY, TRADE DOCUMENTATION SHOULD CO-OPT EXISTING BUSINESS PRACTICES IN ORDER TO AVOID DUPLICATION OF DOCUMENTARY REQUIREMENTS”

The findings also suggest there is a need and desire for businesses to have a better aligned documentary process. Put simply, trade documentation should co-opt existing business practices in order to avoid duplication of documentary requirements. In particular, the increase in signed bilateral FTAs has seen the introduction of new documentary requirements.

ACCI argues that co-opted documentary systems would lead to better harmonised procedures and subsequently improved trade facilitation — a goal of the 2014 WTO negotiated ‘Bali Package’.

In line with the preparation of trade documentation, several cases identified frustration with government websites and their non-user friendly interfaces. Case 5, a small business who sells seeds for sowing, outlined their frustration regarding the Department of Agriculture’s (DoA) website and its lack of information for exporters. The respondent noted there is little capacity to “check procedures” or “find someone to have a chat to”. They went further to state the export documentation website EXDOC was “horrendous”.

Our biggest bug bear in exporting is dealing with DAFF [Department of Agriculture, Forestry and Fisheries] in Canberra. I don't seem to be able to find anywhere on their website, instructions for exporters. If I'm about to do something and want to check procedures or you know, find someone to have a chat to, I don't seem to be able to do that. It all seems to be if you're an exporter, you know everything. If you don't, they'll tell you so. I went from manual documentation onto what's called EXDOC and it was horrendous and it is still not good. I've been using it now for the last six or eight months. (Case 5, Agriculture, p.2).

The respondent then went on to give a more specific example of exporting to Malaysia, their biggest export market. Trade documentation was sent over to their Malaysian client, who noticed an incorrect vessel number on the phytosanitary certificate. The respondent went directly to the DoA website to receive advice; however, they were unable to locate a specific contact number on either the website or the EXDOC printouts. The only option was a general inquiry email, whereby exporters can lodge an issue in writing.

Last time, when we exported to Malaysia, we had all the documents printed, we sent them over to our client in Malaysia. She sent them back saying you've got a mistake on the phytosanitary certificate. You've got the wrong vessel number. And I went, 'Oh my god! What am I going to do?' I had a look through the DAFF website, I had a look at the paperwork that came from EXDOC and nowhere did it tell me who to contact to find out what to do. So I went onto the DAFF website and looked at EXDOC and just found a general inquiry notice, so I put in the reference of the phytosanitary certificate and sent the inquiry off. And because they... it's all automated and the rest of it... All I got was yes we have received your inquiry and it will be passed to the appropriate person. (Case 5, Agriculture, p.2).

TRADE AGREEMENTS

Australia has, to date, negotiated 10 FTAs, with China yet to come into force. Trade agreement goals and the economic benefits they promise are fully supported by ACCI; however, there is often a lack of clarity regarding their efficacy in improving trade between countries and the agreements' usage rates. The results from Part I, the quantitative survey, confirmed the results from the previous year's survey of a very low knowledge, understanding and application of Australian FTAs.

For example, businesses were asked in the quantitative survey about their knowledge and use of government-negotiated FTAs. The majority of businesses said they do not understand nor use FTAs, consistent with the findings a year earlier. The least understood FTA currently in force was the Australia-Chile FTA and the most understood, overall, was the ASEAN-Australia New Zealand FTA (AANZFTA). These results were consistent across small, medium and large businesses.

The FTA identified as the most useful by business was the Australia-United States FTA (A-US FTA); the least useful was noted as the Australia-Chile FTA. Differences were revealed according to firm size: small and medium firms favour the A-US FTA, while larger firms used AANZFTA.

Table 3 - Most useful FTAs by firm size and year

	SMALL		MEDIUM		LARGE	
	2014	2015	2014	2015	2014	2015
1	AANZFTA	A-US FTA	AANZFTA	A-US FTA	ANZCER	AANZFTA
2	A-US FTA	ANZCER	ANZCER	AANZFTA	AANZFTA	ANZCER
3	TAFTA	SAFTA	MAFTA/ SAFTA	MAFTA/ SAFTA	SAFTA	A-US FTA/ TAFTA

Survey respondents across all firm sizes said FTAs were the number one area about which they would like advice. Other areas included information on trade documentation, e-commerce, export market planning and international market development.

“SURVEY RESPONDENTS ACROSS ALL FIRM SIZES SAID FTAS WERE THE NUMBER ONE AREA ABOUT WHICH THEY WOULD LIKE ADVICE”

Table 4 - Top five areas of interest according to firm size

	Small	Medium	Large
1	Understanding how Free Trade Agreements works	Understanding how Free Trade Agreements works	Understanding how Free Trade Agreements works
2	Trade documentation and Certificates of origin	International market development	Trade documentation and Certificates of origin Protecting your intellectual property International market development
3	Protecting your intellectual property	Trade documentation and Certificates of origin	E-commerce
4	International market development How to export	Protecting your intellectual property	Internationally enforceable model contracts
5	Getting paid in international trade Export market planning	Export market planning	Export market planning

Lack of awareness emerged as a major underpinning as to why those interviewed did not use FTAs currently in force. Despite the Australian government negotiating a total of 10 FTAs (the majority of which are bilateral), the findings reveal that businesses have very little awareness of what an FTA is or how to apply its content. The highest percentages from respondents from the quantitative survey were 'I don't understand it at all and don't use it'. For each agreement listed, the majority (over 50 per cent) agreed with this statement.



Table 5 -
Rating of respondents' understanding of general trade and FTAs: All business

	I have read the text and understand it well	I have read the text but don't understand it	I use the FTA but don't understand it	I don't understand it at all and don't use it
ASEAN-Australia-New Zealand FTA	18.2%	7.5%	17.6%	56.6%
Australia-Chile FTA	9.2%	7.2%	7.2%	76.5%
Australia-New Zealand Closer	15.1%	5.3%	7.9%	71.7%
Economic Relations Australia-United States FTA	16.7%	8.3%	14.7%	60.3%
Malaysia-Australia FTA	12.3%	8.4%	12.9%	66.5%
Singapore-Australia FTA	13.0%	7.8%	11.0%	68.2%
Japan-Australia Economic Partnership Agreement (not yet in force)	11.0%	9.1%	6.5%	73.4%
Korea-Australia Free Trade Agreement (not yet in force)	11.0%	6.5%	5.8%	76.6%
Thailand-Australia FTA	14.8%	8.4%	8.4%	68.4%
WTO Agreement (most favoured nation provisions)	9.0%	12.3%	7.1%	71.6%

With reference to the Australian case studies, Case 3, a supplier of high-tech equipment for the mining industry, which exports to over 60 countries, stated he was not well informed.

Interviewer: Can I just ask about Free Trade Agreements briefly, do you use them?

Response: No, look... I'm going to admit, when I answered the survey I wanted to say, I don't really know what's going on! (Case 3, Mining, p.4).

Case 4, an importer and provider of online advertising asked "how do you use an FTA?"

Interviewer: Do you use any FTA?

Respondent: I'm not sure what you mean by 'do you use an FTA?' How do you use an FTA? (Case 4, Importing, p.4).



Case 8, an agricultural exporter based in Kununurra in Western Australia has responded to market conditions by modifying the type of product they will export so as not to incur the 50 per cent tariff applied to the original raw form. The respondent further noted “we’ve got free trade agreements there, there and there, but agriculture still seems to be struggling in Australia.”

I worked in the grain industry for 20 years... you know when I started in '78 the price of wheat was about \$180 a tonne. It might have been \$130, \$120 a tonne. 20 years later, growers are still only getting \$150/\$180 dollars a tonne. It is a no cost product. So growers and agriculture in Australia seems to suffer, you know the tariffs and the... I know with China, that's why we're doing syrup because there is no tariff on syrup. So if you can get free trade, tariff reductions with China, then yes... but sugar, there's a 50 per cent tariff, whereas sorbent syrup is processed and it's not counted as sugar. So from syrup, you actually crystallise it into sugar, but when it's syrup, it attracts no tariff. I imagine that if the tariff is reduced on sugar then it would benefit, but it depends on what the tariff is in China on those things. I don't know that much about the ins and outs of it. We've got free trade agreements there, there and there, but agriculture still seems to be struggling in Australia so I do wonder how well the bloody free trade agreements work. (Case 9, Agriculture, p. 5).



With regard to the case findings, it was revealed that businesses do not have a clear understanding of the benefits that can be derived from the application of FTAs. Some respondents went further to suggest that FTAs are ineffective and should focus more on developing multilateral agreements. Such an insight corroborates the findings of the 2010 Productivity Commission (PC)⁵ report into the efficacy of FTAs, which questioned the overall benefits of such agreements.

The PC report found little evidence to support the notion that business believed bilateral trade agreements provided any significant commercial benefit. It went further to suggest bilateral and regional trade agreements’ potential impact is limited and that “other options may be more cost-effective”. The report also recommended that the government monitor the progress of negotiated agreements and other trade policy initiatives to ensure efficacy and efficiency of implemented policies. To date, a thorough evaluation of Australia’s FTAs has not taken place, therefore a true assessment of their benefits and contribution to the Australian economy remains in question.

Moreover, results from the 2014 HSBC Economist Intelligence Unit report⁶, which analysed corporate views about FTAs across eight countries in the Asia-Pacific region, also found that a large factor in under-utilisation rates was due to a lack of awareness.

Such insights highlight the need for better education for the business community regarding how such agreements can be leveraged. It also supports the argument for better harmonised trade documentation across agreements to facilitate more straight-forward processes and reduce duplication.

⁵ Productivity Commission. (2010). Bilateral and Regional Trade Agreements, Research Report, Canberra.

⁶ The Economist Intelligence Unit. (2014). ‘FTAs: fantastic, fine or futile’. <https://globalconnections.hsbc.com/india/en/special-features/fta/ftas-fantastic-fine-or-futile>.

TRADE SUPPORT

Questions on trade support revealed that the majority of respondents ‘never’ utilised the government trade support programs listed in the survey (Export Finance and Insurance Corporation (Efic), Export Market Development Grants (EMDG), Austrade and State Government trade promotion agencies). More specifically, almost three quarters stated they ‘never’ employed the services of Efic. These results were consistent with the previous year’s survey. However, over one-fifth of those surveyed used Austrade ‘sometimes’. Such results were similar to the year prior.

Table 6 - Utilisation of trade support initiatives: All business

	Always	Often	Sometimes	Rarely	Never
Export Finance and Insurance Corporation (EFIC)	1.8%	1.8%	5.3%	18.8%	72.4%
Export Market Development Grant (EMDG)	5.3%	4.7%	9.9%	16.4%	63.7%
Austrade	2.3%	5.6%	20.3%	29.4%	42.4%
State Government trade promotion agency	2.4%	4.1%	11.8%	24.1%	57.6%

The results suggest that businesses are generally either not aware of the trade support available, it does not address their needs, or the prospective gain is not worth the effort in utilising the service. The results also suggest that large businesses in particular do not rely on government trade services.

Moreover, the case findings revealed that many international traders do not understand the role and function of Austrade and subsequently have not fully utilised their services. Some case responses cited value for money being an issue. The findings suggest that there are mixed opinions of the efficacy and value of the offerings provided by Austrade to the business community. With regard to market research and more technical advice services, private market providers were considered better placed to offer these services.

Case 5 stated “I don’t really know what they offer.” The organisation used the website

“THE RESULTS SUGGEST THAT BUSINESSES ARE GENERALLY EITHER NOT AWARE OF THE TRADE SUPPORT AVAILABLE, IT DOES NOT ADDRESS THEIR NEEDS, OR THE PROSPECTIVE GAIN IS NOT WORTH THE EFFORT IN UTILISING THE SERVICE”

for background information in the past, but has never employed their services.

Interviewer: Have you ever used Austrade?

Respondent: I go on there occasionally, yeah. Just to have a look and see... Again, bit of background information on the country we're exporting to.

Interviewer: But you've never engaged their services?

Respondent: No.

Interviewer: Is there any particular reason why you haven't?

Respondent: I don't really know what they offer.

(Case 5, Agriculture, p. 2).

However, some cases were more encouraging of Austrade, with Case 13 stating that Austrade was "good" and that they had put them in touch with useful contacts.

Austrade were good, they put us in touch with other operators – miners. They were good to work with. (Case 13, Mining, p.2).

GOVERNMENT GRANTS

In line with the discussion on government trade services, the Research & Development (R&D) Innovation Grant and the Export Market Development Grant (EMDG) were singled out as the most commonly used grants available but were also considered the most fraught.

Case 3, a company involved in the mining industry, stated they currently apply the Australian Government's R&D tax incentive. The issue raised by the Case suggested the process associated with the grant was so onerous and difficult they were seriously considering if it was worth the effort. According to the respondent, the grant compliance "takes the best of our brains" at the highest levels of the organisation across engineering and management. The irony is that the organisation considers that this process makes them less innovative.

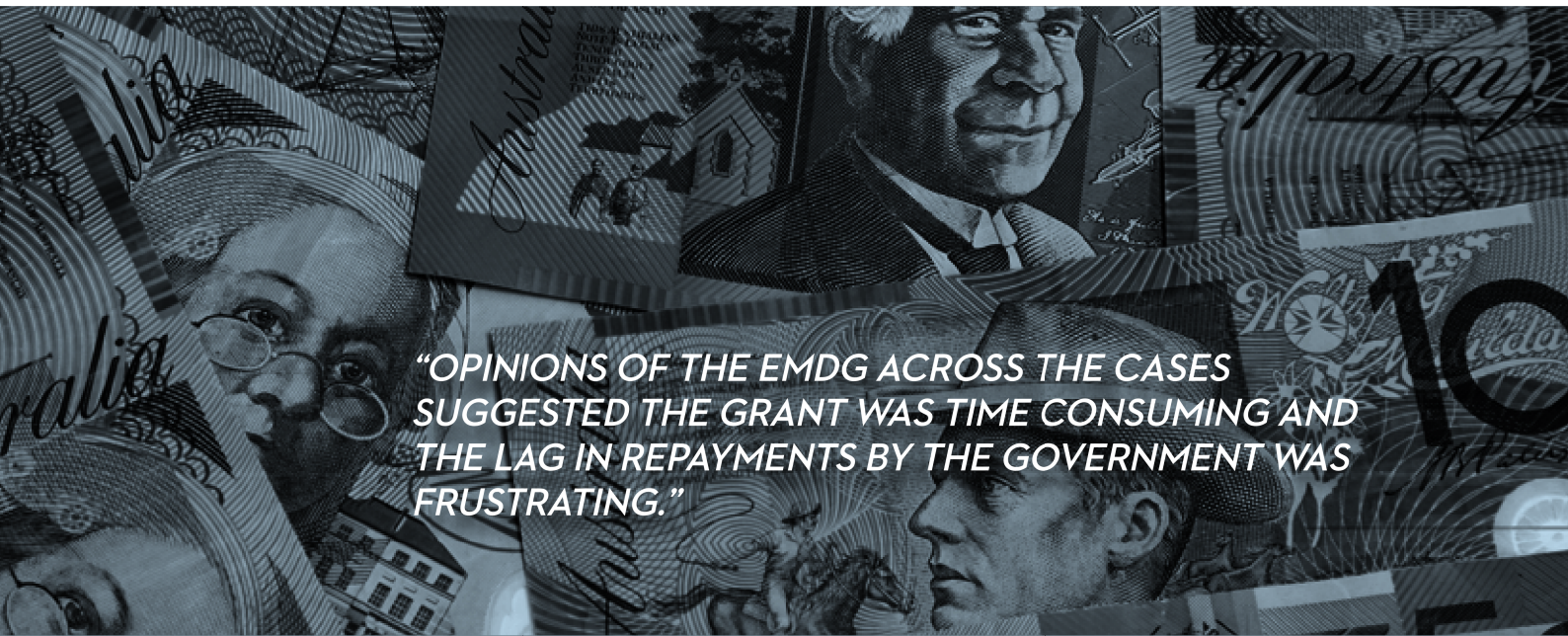
We're dealing with the R&D incentive program. I know that's not related to export, but indirectly it is. We're getting to the stage where we're thinking... Is this really worth it to us? You know? Ask the government for cash incentives... We have made the R&D tax incentive claims... but it's getting to the stage that it's SO difficult, that it takes some of the best of our brains in engineering, management and other people that we're saying "Is it really worth it?" Is it sucking the life out of our innovative thinking? Mucking around with something so labourious? (Case 3, Mining, p. 3).

Case 13, also involved in the mining sector believed the R&D grants work well. They have had a less than positive experience with the EMDG, making the R&D program preferable to their business.

The R&D Grants works well. Compared with the EMDG, it's fantastic. (Case 13, Mining, p.2).

Opinions of the EMDG across the cases suggested the grant was time consuming and the lag in repayments by the government was frustrating. EMDG emerged as an area requiring improvement, particularly with regard to its reporting processes and criteria.

Case 4, an importing business, noted "it was a bit of a hassle" to apply for the EMDG.



“OPINIONS OF THE EMDG ACROSS THE CASES SUGGESTED THE GRANT WAS TIME CONSUMING AND THE LAG IN REPAYMENTS BY THE GOVERNMENT WAS FRUSTRATING.”

They went further to explain that the grant is not especially effective for small businesses given the time needed to prepare the documentation and the dollar amount a business must spend to qualify. It was noted this was not always easy for a smaller operator. Subsequently, Case 4 has only used the grant on an ad hoc basis.

We got some money out of it [EMDG], so that was good. But I mean it was a bit of a hassle trying to apply for it, and as a small business it's not very effective in terms of the amount of stuff you had to do to get it and the thresholds that are required, like you had to spend so much in the export development and for a number of years we were just under the limit, so there was no point applying for it. So we did one year. One year we managed to do it. But we haven't done it since because we haven't met the threshold. (Case 4, Importing, p.3).

The announced Federal Government's review of the EMDG scheme is considered timely. The results from both the quantitative and qualitative sections suggest low utilisation rates of the scheme, possibly due to the \$20,000 threshold and delay in payment (one year). The delay in reimbursement can have a marked effect on a small business' cash flow.

Furthermore, according to the survey results, only 10 per cent of businesses reported using the grants 'always' or 'often'. Over 80 per cent stated they used the scheme 'rarely' or 'never'. The survey also highlighted the lowest utilisation rates were attributed to large firms, with only 4.5 per cent stating 'often' and zero per cent stating 'always' utilising the grant.

Overall, government grants, whilst put in place to support and encourage innovation and trade, can have a draining effect on businesses. Businesses believe the criteria is out dated, they often do not apply to small firms and the compliance element is too onerous and costly to make the grants worth their while.

CHAMBERS OF COMMERCE & INDUSTRY ASSOCIATIONS

Chambers of commerce and industry associations offer a variety of trade related services ranging from issuing Certificates of Origin to business matching and trade missions.

Businesses were asked about their interaction and knowledge of services offered by chambers of commerce and industry associations. The majority of respondents were at least 'somewhat' aware of the services offered, an improvement on the results from a year earlier. On the whole, of those who had utilised these services were 'moderately' to 'very satisfied' with their experience.

Table 7 - Level of satisfaction with the services offered by Chambers of Commerce and Industry Associations

	Small	Medium	Large	All business
Extremely satisfied	4.8%	3.3%	0.0%	3.6%
Very satisfied	26.5%	28.3%	20.8%	26.2%
Moderately satisfied	19.3%	25.0%	45.8%	25.6%
Slightly satisfied	9.6%	11.7%	4.2%	9.5%
Not at all satisfied	1.2%	1.7%	0.0%	1.2%
I don't deal with them for services	38.6%	30.0%	29.2%	33.9%

Overall, the results were largely consistent with those reported in the 2014 ACCI Trade Survey.

Findings from the case studies suggested chambers of commerce are utilised predominantly for the supply of Certificates of Origin, a process praised by respondents and supported by the results found in both the 2014 and 2015 ACCI Trade Surveys. Respondents' experience with dealing with the Certificate of Origin process was the highest across all listed documentation. Over 85 per cent of respondents rated the process was 'average' or better, with almost a third stating it was 'excellent'. The survey shows the Certificate of Origin process works well and is looked on favourably by exporters.

APPENDIX I

INDUSTRY	RESPONSE
Accommodation and food services	0.9%
Accounting, financial and insurance services	0.9%
Administrative and support services	0.4%
Agriculture, forestry and fishing	19.7%
Arts and recreation services	1.3%
Building design services	0.9%
Construction	4.4%
Education and training	3.1%
Electricity, gas, water and waste services	0.9%
Legal or dispute resolution services	0.4%
Health care and social assistance	1.3%
Information media and telecommunications	0.9%
Manufacturing	31.9%
Mining	14.8%
Professional, scientific and technical services	4.4%
Public administration and safety	0.0%
Rental, hiring and real estate services	0.4%
Transport, postal and warehousing	3.1%
Wholesale trade	7.9%

NO. OF EMPLOYEES	RESPONSE
1 to 4	16.7%
5 to 19	28.2%
20 to 199	39.6%
200 or more	15.4%

APPENDIX II

CASE DESCRIPTIONS

CASE NO.	INDUSTRY	SIZE	LOCATION
Case 1	Automotive	Large	Queensland
Case 2	Manufacturing	Medium	Western Australia
Case 3	Mining	Medium	Western Australia
Case 4	Import	Small	Western Australia
Case 5	Agriculture	Small	Queensland
Case 6*	Energy	Small	Victoria
Case 7*	Agriculture	Small	Western Australia
Case 8	Chemical	Large	Western Australia
Case 9	Agriculture	Large	Western Australia
Case 10	Medical devices	Large	Western Australia
Case 11	Medical devices	Large	New South Wales
Case 12	Arts	Small	Victoria
Case 13*	Mining	Large	Western Australia
Case 14	Mining	Large	Western Australia
Case 15*	Consulting	Small	New South Wales
Case 16*	Manufacturing	Small	Victoria

2015 ACCI TRADE SURVEY

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