

Working for business.
Working for Australia



National Trade Survey 2016 Report Summary

June 2016



Australian
Chamber of Commerce
and Industry



University of
South Australia

Australian Centre
for Asian Business

**WORKING FOR BUSINESS.
WORKING FOR AUSTRALIA**
Telephone 02 6270 8000
Email info@acci.asn.au
Website www.acci.asn.au

CANBERRA OFFICE

Commerce House
Level 3, 24 Brisbane Avenue
Barton ACT 2600
PO BOX 6005
Kingston ACT 2604

MELBOURNE OFFICE

Level 2, 150 Collins Street
Melbourne VIC 3000
PO BOX 18008
Collins Street East
Melbourne VIC 8003

SYDNEY OFFICE

Level 15, 140 Arthur Street
North Sydney NSW 2060
Locked Bag 938
North Sydney NSW 2059

ABN 85 008 391 795
© Australian Chamber of Commerce and Industry 2016

This work is copyright. No part of this publication may be reproduced or used in any way without acknowledgement to the Australian Chamber of Commerce and Industry.

Disclaimers & Acknowledgements

The Australian Chamber of Commerce and Industry has taken reasonable care in publishing the information contained in this publication but does not guarantee that the information is complete, accurate or current. In particular, the Australian Chamber is not responsible for the accuracy of information that has been provided by other parties. The information in this publication is not intended to be used as the basis for making any investment decision and must not be relied upon as investment advice. To the maximum extent permitted by law, the Australian Chamber disclaims all liability (including liability in negligence) to any person arising out of use or reliance on the information contained in this publication including for loss or damage which you or anyone else might suffer as a result of that use or reliance.

Introduction

The Australian Chamber's National Trade Survey is an annual survey that gauges the attitudes of Australian international trade businesses on key trade issues. The National Trade Survey 2016, the third instalment of the survey, was conducted by the Australian Chamber of Commerce and Industry and the University of South Australia's Australian Centre for Asian Business.

The quantitative component involved questionnaire responses from 202 international trade businesses, while a subsequent qualitative component involved 27 in-depth interviews with individual respondents.

Respondents were surveyed across seven categories: the profile of Australian international traders; the issues the most mattered to traders; administration; trade finance; the use and understanding of free trade agreements; preferred markets and FTAs; and trade support services.

The survey found that lack of understanding of free trade agreements, shortages of finance and excessive red tape were the main concerns.

It also found that a majority of respondents consider potential free trade agreements with India and Indonesia to be key government priorities.

Australia's falling international competitiveness and a high exchange rate rounded out the main concerns for traders.

The profile of respondents

China continues to dominate the Australian export and import market, with more than 60 per cent of businesses surveyed trading with China over the previous 12 months.

Among other trade partners, Indonesia and India were popular among large firms while the United States, New Zealand and Singapore were preferred by small and medium enterprises.

More than three in four respondent businesses are using the internet to grow their operations, while private market visits were less common than they were in the previous two surveys.

Businesses are relying on their own skills and the internet to grow their operations.

Trade issues

International competitiveness, red tape and a high exchange rate are the main concerns of Australian traders.

This was the third consecutive year that international competitiveness was identified as the top concern for survey respondents.

Dumping, piracy, protection for shipping and shipping cartels, and a low exchange rate were each classified as “not important” issues.

Trade administration

Businesses were asked about trade support initiatives such as the Export Finance and Insurance Corporation (EFIC), Export Market Development Grant (EMDG), Austrade, state government trade promotion agencies, and chambers of commerce and industry associations.

Case studies revealed that businesses were not aware of multiple trade support initiatives available to them, did not believe the support initiatives met their needs or believed the costs outweighed the benefits.

International shipping and domestic logistics companies were identified by traders as the best way to transport goods, while Australia Post ranked last.

Incidents of piracy, counterfeiting, commercial disputes and enforcing contracts were very low, with corruption identified as the top issue harming businesses.

Trade finance

Small businesses continue to be troubled by limited access to finance, with nearly one quarter of small business respondents saying they had trouble accessing funds to develop trade opportunities.

In contrast, the number of large firms troubled by finance access was 8.3 per cent.

Trade information and understanding of FTAs

The use and understanding of Australia’s multiple free trade agreements is very low, with the majority of businesses surveyed struggling to navigate complex rules and regulations.

The most understood and most used agreement was the Australia-United States FTA and the least understood and least used agreement was the World Trade Organisation- General Agreement on Tariffs and Trade.

Preference of free trade agreements

The Australia-Chile FTA was the least known and least useful trade agreement and the Australia-United States FTA was the most recognised. This is consistent with the results of the previous two years.

Most businesses believe potential free trade agreements with India and Indonesia should be government priorities.

Trade services

Fewer than half of businesses use the trade services offered by chambers of commerce and industry associations.

However the majority of businesses that did engage with chambers of commerce and industry associations said they were satisfied with the results.

Almost all respondents across all sizes of business said they wanted to know more about FTAs. This result, which reflects the findings of the previous two surveys, shows that the current education activities for international traders are not working.

Australia's international traders also wanted to learn more about international market development and protecting intellectual property.

Acknowledgements

This report was produced by the Australian Chamber of Commerce and Industry and the University of South Australia's Australian Centre for Asian Business (ACAB).

The Australian Chamber is Australia's largest and most representative business association, comprising state and territory chambers of commerce and national industry associations. It speaks on behalf of the Australian business community at home and abroad.

The ACAB is a community of leading academics in the fields of business, commerce, law, management and marketing dedicated to producing high-quality research on Asian business, and broadening the Australian understanding of the Asian business environment.

The research team was led by Professor Susan Freeman (Associate Director, ACAB) and Professor Ying Zhu (Director, ACAB). The research team comprised Dr Miria Lazaris (Consultant), Dr Hung Trong Hoang (Associate Dean (Research and International Cooperation), Faculty of Business Administration, Hue University College of Economics) and Dr Raisa Yakimova (lecturer in marketing, University of Bradford).

Australian Chamber Members

AUSTRALIAN CHAMBER MEMBERS: BUSINESS SA CANBERRA BUSINESS CHAMBER CHAMBER OF COMMERCE NORTHERN TERRITORY CHAMBER OF COMMERCE & INDUSTRY QUEENSLAND CHAMBER OF COMMERCE & INDUSTRY WESTERN AUSTRALIA NEW SOUTH WALES BUSINESS CHAMBER TASMANIAN CHAMBER OF COMMERCE & INDUSTRY VICTORIAN CHAMBER OF COMMERCE & INDUSTRY **MEMBER NATIONAL INDUSTRY ASSOCIATIONS:** ACCORD – HYGIENE, COSMETIC & SPECIALTY PRODUCTS INDUSTRY AGED AND COMMUNITY SERVICES AUSTRALIA AIR CONDITIONING & MECHANICAL CONTRACTORS' ASSOCIATION ASSOCIATION OF FINANCIAL ADVISERS ASSOCIATION OF INDEPENDENT SCHOOLS OF NSW AUSTRALIAN SUBSCRIPTION TELEVISION AND RADIO ASSOCIATION AUSTRALIAN BEVERAGES COUNCIL LIMITED AUSTRALIAN DENTAL ASSOCIATION AUSTRALIAN DENTAL INDUSTRY ASSOCIATION AUSTRALIAN FEDERATION OF EMPLOYERS & INDUSTRIES AUSTRALIAN FEDERATION OF TRAVEL AGENTS AUSTRALIAN FOOD & GROCERY COUNCIL AUSTRALIAN GIFT AND HOMEWARES ASSOCIATION AUSTRALIAN HOTELS ASSOCIATION AUSTRALIAN INTERNATIONAL AIRLINES OPERATIONS GROUP AUSTRALIAN MADE CAMPAIGN LIMITED AUSTRALIAN MINES & METALS ASSOCIATION AUSTRALIAN PAINT MANUFACTURERS' FEDERATION AUSTRALIAN RECORDING INDUSTRY ASSOCIATION AUSTRALIAN RETAILERS' ASSOCIATION AUSTRALIAN SELF MEDICATION INDUSTRY AUSTRALIAN STEEL INSTITUTE AUSTRALIAN TOURISM EXPORT COUNCIL AUSTRALIAN TOURISM INDUSTRY COUNCIL AUSTRALIAN VETERINARY ASSOCIATION BOATING INDUSTRY ASSOCIATION BUS INDUSTRY CONFEDERATION BUSINESS COUNCIL OF CO-OPERATIVES AND MUTUALS CARAVAN INDUSTRY ASSOCIATION OF AUSTRALIA CEMENT CONCRETE AND AGGREGATES AUSTRALIA COMMERCIAL RADIO AUSTRALIA CONSULT AUSTRALIA CUSTOMER OWNED BANKING ASSOCIATION CRUISE LINES INTERNATIONAL ASSOCIATION DIRECT SELLING ASSOCIATION OF AUSTRALIA ECOTOURISM AUSTRALIA EXHIBITION AND EVENT ASSOCIATION OF AUSTRALASIA FITNESS AUSTRALIA HOUSING INDUSTRY ASSOCIATION HIRE AND RENTAL INDUSTRY ASSOCIATION LARGE FORMAT RETAIL ASSOCIATION LIVE PERFORMANCE AUSTRALIA MASTER BUILDERS AUSTRALIA MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA MEDICAL TECHNOLOGY ASSOCIATION OF AUSTRALIA NATIONAL DISABILITY SERVICES NATIONAL ELECTRICAL & COMMUNICATIONS ASSOCIATION NATIONAL EMPLOYMENT SERVICES ASSOCIATION NATIONAL FIRE INDUSTRY ASSOCIATION NATIONAL RETAIL ASSOCIATION NATIONAL ROAD AND MOTORISTS' ASSOCIATION NSW TAXI COUNCIL NATIONAL ONLINE RETAIL ASSOCIATION OIL INDUSTRY INDUSTRIAL ASSOCIATION OUTDOOR MEDIA ASSOCIATION PHARMACY GUILD OF AUSTRALIA PHONOGRAPHIC PERFORMANCE COMPANY OF AUSTRALIA PLASTICS & CHEMICALS INDUSTRIES ASSOCIATION PRINTING INDUSTRIES ASSOCIATION OF AUSTRALIA RESTAURANT & CATERING AUSTRALIA SCREEN PRODUCERS AUSTRALIA VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE