



Deutsch-Australische Industrie- und Handelskammer
German-Australian Chamber of Industry and Commerce
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25 May 2018

Parliament of Australia
Joint Standing Committee on Foreign Affairs, Defence and Trade
Trade Sub-Committee

Re: Invitation for Submissions Regarding Australia's small and medium-sized businesses leverage of free trade agreements

To whom it may concern

Thank you for inviting the German-Australian Chamber of Industry and Commerce (**GACIC**) to submit views on the issues concerning the ability of and opportunities for small and medium-sized businesses in Australia to leverage free trade agreements (**FTA's**).

GACIC is the official representation of German business in Australia and represents over 900 companies active in bilateral business relationships. These companies represent a variety of industry sectors and are particularly small to medium-sized enterprises (SMEs) and medium-sized German companies ("Mittelstand").

The GACIC supports a free trade and investment environment and is committed to deepening economic links and business exchanges between Australia, Germany and the European Union as well as the wider Indo-Pacific region.

FTA's can be an important instrument to increase trade and investment for the benefit of all involved. They can remove tariff and non-tariff trade barriers facing market participants and they help to unlock the full potential of a bilateral or multilateral trade and investment relationship. Therefore, the GACIC particularly supports the negotiations of a comprehensive Australia-EU Free Trade Agreement.

In principle, SMEs benefit from FTA's in the same way as larger companies and both particularly from the reduction or removal of tariff barriers and of non-tariff barriers. However, there are aspects of FTA's that are particularly relevant for SMEs and their utilisation of FTA's, specifically:

- Information about relevant tariff barriers, including the reduction and removal of tariff barriers, should be easily accessible through credible and reliable sources. Currently, this information is spread over different sources including DFAT, Austrade, Department of Home Affairs and Department of Industry, Innovation and Science websites. The Australian Government Free Trade Agreement Portal (<https://ftaportal.dfat.gov.au/>) should be further expanded to make it easier for SMEs and first-time exporters to use by providing more practical support information in one location.
- In respect of non-tariff trade barriers, it is conducive to the success of FTA's that all relevant regulations are SME-friendly. Key aspects include using plain English in the FTA's, having low documentation requirements and including



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country-of-origin regulations that are SME friendly. As SMEs are usually not equipped to establish separate compliance departments, it is critical that relevant regulations are easily understandable and applicable for the business owner or business development manager interested in possible international trade opportunities.

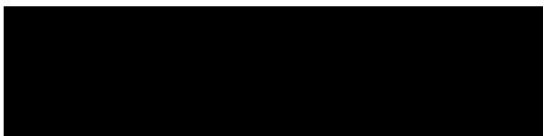
- In respect of investment regulations, utilisation by SMEs will be maximised when the relevant regulations and FTA's arrangements are clearly understandable and have low utilisation-barriers.

To achieve "SME-friendliness" in FTA's, we suggest including dedicated SME-chapters in all future FTA's and re-negotiations of existing FTA's. As this is also a priority for the European Union, such a comprehensive Small and Medium-Sized Enterprises Chapter should be included in the future Australia-EU FTA's.

Further, in light of the upcoming negotiations for an Australia-EU Free Trade Agreement, the GACIC encourages the Australian Parliament to take into account the impact of the FTA's on SMEs and to ensure that all agreed actions to remove or reduce tariff or non-tariff trade and investment barriers are easily applicable for SMEs in order to maximise the benefits from the FTA's.

Please do not hesitate to contact the GACIC for further assistance in this matter. Our Director of Policy, Dr Michael Zettinig, would be happy to discuss any aspect of our submissions with you.

Yours sincerely



Alexandra Voss
Executive Director
German-Australian Chamber of Industry and Commerce