

U.S. Country Commercial Guides



Australia
2020

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Doing Business in Australia

Market Overview

- US goods exports to Australia in 2019: USD25,990.1 billion¹
- Australia's rank as a US export market in 2019: 16th largest²
- World Bank Ease of Doing Business 2019 Rank: 14 of 190³

In 2018 Australia was the world's 13th largest economy with a GDP of USD1.32 trillion⁴

Australia-US Free Trade Agreement (AUSFTA) has significantly stimulated US-Australian trade and investment since its entry into force in 2005.

¹ Source: [U.S. Department of Census](#)

² Source: TradeStats Express™, [International Trade Administration](#)

³ Source: [World Bank Indicator](#)

⁴ Source: [World Bank GDP Rankings](#)

In 2019, U.S. exports of goods to Australia were USD26 billion, up almost three percent from 2018, and imports from Australia were USD10.8 billion, up eight percent from 2018. For trade in goods, America's trade surplus with Australia in 2019 remained relatively unchanged at USD15.2 billion. This is one of the largest trade surpluses the United States has with any country.

In 2019, Australia completed its 28th year of uninterrupted economic growth and has surpassed the previous developed record of 26 years held by the Netherlands. Australia's GDP grew by 1.7% in 2019. The start of 2020, prior to the initial economic impact of COVID-19, was somewhat buoyed by the previous year's non-mining business investment and significant public infrastructure investment. With few barriers to entry, a familiar legal and corporate framework, sophisticated consumer and industrial sectors, and a straightforward, Englishspeaking business culture, Australia remains an important and receptive market for American goods and services.

Source: [Reserve Bank of Australia](#)

Australia welcomes foreign investment as an essential contributor to economic growth and productivity. The United States is Australia's largest foreign investor – with a stock of investment at the end of 2019 valued at USD700 billion. Around 1,400 American companies operate in Australia in a wide variety of sectors. US direct investment in Australia is concentrated in mining, oil and gas, finance and insurance, and manufacturing.

Source for investment statistics: [Australian Bureau of Statistics](#)

Since coming into force on January 1, 2005, the AUSFTA has reduced investment thresholds, provided greater intellectual property protection, and fostered greater two-way trade and investment. Because of the AUSFTA, over 99 % of US exports now enter Australia duty-free.

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 internationally in terms of financial security and liquidity.

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 distant 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 longestablished 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 enough added value to overcome the costs of getting the product to market, and to compete.

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

Market Opportunities

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 US product'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 United States-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 25.6 million. Performing due diligence is just as important in Australia as in the United States, and the Commercial Service in Australia offers services to assist in this area.

Leading Sectors for US Exports & Investments

Aerospace

Overview

Australia is a major buyer of US aircraft and aircraft parts and while the quantity and value of specific items can vary dramatically from year to year, annual purchases by Australia since 2015 have averaged in excess of USD 2 billion. For instance, in 2016, Australia was the largest importer of US helicopters worldwide. The Australian aerospace market is characterized by very strong defense purchases which will see Australia flying almost exclusively US-made aircraft in the world's first 5th generation air force in 2020.

Forward projections of Australian commercial aerospace purchases have been complicated by severely reduced international economic activity in 2020 that has particularly impacted international and domestic air travel. This in turn has led to the grounding of most passenger aircraft in Australia as at May 2020. As the air travel sector will at best be in recovery mode later in 2020, short term prospects for export sales are expected to be substantially diminished from recent historical performance.

Commercial aviation purchasing is led by major players Qantas and Virgin Australia with over 200 Boeing passenger aircraft currently in service. Aircraft manufacturing and repair services in Australia generate revenue in excess of USD3 billion and exports of USD1.5 billion. Boeing Australia has the leading local market share at 38.1% with revenue of approx. USD1.15 billion (AUD1.5 billion), and Boeing maintains its largest presence outside of the United States in Australia and at the Avalon 2019 airshow Boeing announced its intention to produce an Australian-developed UAV platform called the Loyal Wingman, the first aircraft developed by Boeing outside of the US.

In April 2019, it was reported that one of the largest aircraft orders in Australia's recent general aviation history had been placed with US company Textron by Melbourne-based flight training company Pearson Aviation. Pearson Aviation announced that it had placed an order for 45 new Cessna 172 Skylarks worth an estimated AUD 20 million (approx USD 15 million) and that they will be delivered progressively in 2019/early 2020 from Textron's manufacturing facility in Kansas. These aircraft will become the fleet for the International Flight Training Academy at Mildura, Victoria.

The United States is the leading source for all 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 US standards, suppliers, parts, and finished aircraft. US-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 15,700 aircraft on Australia's civil aviation register which includes approximately 11,600 powered aircraft; 2300 helicopters; 1000 gliders; and 450 lighter than air aircraft. Leading brands are Cessna (3562), Piper (1812), amateur built (1632), Robinson Helicopter (1207), Beech (620), Bell Helicopter (258), Kavanagh Balloons (293), Boeing (260) and De Havilland (234) and Schempp-Hirth Flugzeugbau GmbH (182). Other notable brands include Cirrus (192), Air Tractor (170), Mooney (152), Airbus Industrie (123) American Champion (103), Bombardier (86), Aerospatiale Industries (83), Pilatus (80), Raytheon (73) and Textron Aviation (79). 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.

	2018	2019	2020	2021
Total Local Production	3750	3440	*	*
Total Exports	1650	1846	*	*
Total Imports	2957	2609	*	*
Imports from the US	2175	1866	*	*
Total Market Size	5057	4203	< 4000	< 4000
Exchange Rates	.77	.70	.63	.65

(total market size = (total local production + imports) - exports)

Unit: USD Thousands

NB * Severely reduced commercial passenger aviation activity worldwide in 2020 prevents meaningful forward estimates of future purchasing activity. In the short term, industry expectations assume less than 2019 actuals.

Data Sources: Global Trade Atlas, IBISWorld Australia, Australian aviation industry estimates and analysis as well as tariff and trade data from the US Department of Commerce and the US International Trade Commission. Data retrieved as of 20 April 2020.

Leading Sub-Sectors

- Defense contracts – all categories
- QANTAS fleet upgrade
- Parts, repairs and maintenance
- Business jets
- Helicopters
- Aerial agriculture and firefighting
- Aviation Training and Simulation

Unmanned Aerial Vehicles (UAVs)

Australia has a large civil helicopter fleet (approx 2300), ranking fifth worldwide. Helicopters are well suited to supporting remote oil, gas and mining projects as well as island tourist resorts, aeromedical and rescue services, fire-fighting and large agricultural properties. Australia was the largest buyer of US helicopters in 2016 and is of ongoing interest due to both its large commercial fleet as well as major defense projects requiring helicopter acquisition and maintenance.

Opportunities

The severe 2019/20 Australian summer demonstrated high demand for aerial firefighting services, both fixed and rotary wing. A review of the national bushfire response was underway as at May 2020 and many industry observers anticipate additional aviation acquisitions and leases occurring in 2020-2022.

Commercial passenger-based aviation services are expected to be substantially reduced in the short term in response to reduced economic activity worldwide in 2020. This will impact on airlines, airports, aircraft component manufacturers, MRO services and aviation support industries including catering and cleaning in

Australia. Only the defense sector and to some extent air cargo services are positioned to avoid the worst of this downturn. Substantial revision of forward business plans are to be expected but known intentions as at April 2020 are as follows.

Over the next eight years, the Australian carrier Qantas has committed to about US\$12.6 billion (AU\$17 billion) for more fuel efficient, next generation aircraft such as the Airbus 380 and the Boeing 787 Dreamliner. Tigerair Australia, the low-cost subsidiary of Virgin Australia, is also transitioning to become an all Boeing 737 operator by 2020 as part of fleet simplification efforts at the Virgin group of airlines. That entails replacing 12 Airbus A320s over three years.

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 US-manufactured airplanes.

Australia announced in March 2016 a 10-year, AU\$195 (US\$150) 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 worldwide and a leading customer of the US peaking as its 2nd largest market in 2017. This features a strong focus on aviation-related capabilities.

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

Australia is a major helicopter market; operates over 2300 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.

Australia also has a small but growing space industry including one of the most active space start-up sectors worldwide. General focus is on the smaller operations – cubesats and launch facilities for smaller rockets/payloads with two centers under development in South Australia and the Northern Territory. There is a long history of collaboration with NASA and US industry in support of both manned and unmanned space missions; extensive take-up of space-based services for communications, agricultural, geospatial and navigational purposes; and the forward defense investment plan has made provision for approx AU\$5 billion (US\$3.5 billion) for space-related capabilities.

Resources

[Australian Airports Association National Conference and Exhibition:](#) (2020 event cancelled)

Leading airports and aviation conference/exhibition in Asia Pacific. Prime venue for meeting representatives of Australia's large airports community in one location. Conference program is augmented by a trade expo. Held annually in a different city each year.

[MRO Australasia 2020](#) : March 11 – 12, 2020, Sofitel Brisbane Central, Queensland

The newest event on the Australian aviation calendar, MRO Australasia was announced by Aviation Week Network in Singapore during Commercial Aviation Services Asia-Pacific. The event featured a two-day conference plus showcase exhibition allowing suppliers to meet key decision-makers and for buyers to learn about, test and purchase new MRO solutions and services. MRO Australasia covers maintenance, repair and overhaul for all fixed wing aircraft, business, general and regional aviation and rotorcraft. To be held every second year. Next event scheduled for March 2022.

[Rotortech 2020](#) (cancelled)

Largest helicopter event in Southern Hemisphere and now managed by Aerospace Australia Limited, part of a not-for-profit group headed by Aerospace Maritime and Defence Foundation of Australia Limited, organisers of the Avalon Airshow and various other major defense trade shows (Land Forces, Pacific and CivSec). As the

specialist rotor event for the largest rotor industry in the Asia Pacific, AMDSFA has high hopes to grow this event significantly – and fast. Unmanned aerial vehicles are also featured at this event. Held every second year, usually in June.

[Australian International Airshow \(Avalon Airshow\)](#)

November 23 - 28 2021, Geelong, Victoria

The Australian International Airshow is the largest air show in the Southern Hemisphere and largest in Asia every second year. Known widely as the Avalon Airshow [its permanent venue is Avalon Airport south of Melbourne, Victoria], Avalon alternates with the Singapore Air Show every second year. It is the largest air show in the Asia Pacific every second, odd-numbered year and features the largest US exhibitor presence in Asia.

Hyperlinks to key Australian aerospace associations and businesses follow:

[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](#)

[Recreational Aviation Australia](#)

[Regional Aviation Association of Australia](#)

[Space Industry Association of Australia](#)

Cybersecurity

Overview

The Australian Information and Communications Technology (ICT) market is valued at approximately USD110 billion. The information technology (IT) services industry accounts for approximately one third of the total IT market and is valued at nearly USD22 billion. The Australian ICT market is mature with a large number of multinational technology companies active in the local market.

The Australian cybersecurity market has the potential to reach US\$4.2 billion by 2026. US\$200 million will be spent on hardware-related purchases, US\$800 million on software and US\$3.2 billion on services. The cyber market is growing at over 9% annually. Much of the growth can be attributed to emerging digital threats, increased exposure to cyber risk, corporate reaction to increased regulation of cyber risk, and business' evolution to consolidate a digital business strategy. A recent report by the Australian Cyber Security Growth Network entitled Cyber Security Sector Competitiveness Plan suggests that over the next decade, the Australian cyber market has the potential to triple in size.

The Australian government has identified cyber security as one of the six industry sectors considered vital for the long term prospects of the Australian economy. According to the International Telecommunications Union Cyber Index, Australia ranks the world's seventh most committed cyber security country. Australia's cyber maturity is the second highest in the Indo-Pacific.

Locally, there is strong demand for cyber security services as many public and private companies lack the internal expertise to adequately and comprehensively secure their IT assets. This trend will grow over the next decade as companies will place an even greater reliance on outsourced security vendors to provide digital security solutions on their behalf. This is especially true with small to medium sized companies.

American and Israeli companies make up the majority of the import market for IT security solutions (and the majority of the whole market). 60% of all imported solutions are of US origin and approximately 20% originates from Israel. US companies are widely recognized as providing industry leading solutions and are well respected in the local market. In addition, Australian and American defense forces have a very strong working relationship, and if a product is approved for use with the US military, typically the approval process for adoption by Australian counterparts is much simpler.

As much of the demand for cyber products and solutions is supplied by foreign vendors, it is no surprise that Australian companies do not feature in the list of the top 15 security software vendors in the local market. Australian companies only feature in a significant way in the supply of services and acting as channel partners for overseas vendors supply specific and niche security service expertise.

As the following graph shows, of the US\$3.8 billion total local spending on cyber security products and solutions in 2019, US\$1.8 billion is derived from imports from companies that don't have a core team in Australia, US\$2.3 billion is a combination of local companies and from local subsidiaries of foreign vendors and about US\$200 million in solutions and services is exported out of Australia.

In the end-user market, financial service firms – ANZ, NAB, CBA, Westpac, AMP – amongst others, are the largest users of cyber products in the Australian market. Collectively, the segment accounts for one third of Australia's IT security demand. It appears that they spend more on average than most other financial institutions on a global scale. According to a recent report by industry group IDC, the cyber spend by Australian government agencies, and telecommunications, education, professional services, and transportation companies is also greater than their world counterparts.

Australian Government's Cyber Security Posture

The Australian government's cyber security capabilities are housed under the umbrella of the [Australian Cyber Security Centre](#) (ACSC). The ACSC works with government and business to reduce the cyber security risk to Australian government networks, and networks of national interests. It also acts to enable a more

comprehensive understanding of cyber threats and sharing information to both government and private sector alike.

The ACSC houses the cyber security efforts of the [Australian Signals Directorate](#) (ASD), Computer Emergency Response Team (CERT) Australia, The Defence Intelligence Organisation (DIO), the Australian Criminal Intelligence Commission (ACIC), the Australian Federal Police (AFP), and the Australian Security Intelligence Organisation (ASIO).

Other government agencies that have responsibility for managing Australia's cyber policy and implementation include: Department of Prime Minister and Cabinet (governance, structure, and research), Attorney General's Department (increase Australia's CERT capacity), and the Department of Defense (increase Australian Signals Directorate's capacity to identify new and emerging cyber threats).

	2017	2018	2019	2020 (Estimated)
Total Local Production	1,860	2,000	2,300	2,400
Total Exports	186	200	230	225
Total Imports	1,300	1,400	1,800	1,880
Imports from the US	762	820	950	970
Total Market Size	2,980	3200	3,870	3,900

(total market size = (total local production + imports) - exports)

Unit: USD Thousands

Leading Sub-Sectors

Mobile device penetration is very high in Australia and banks, in particular, are spending significant amounts of money to enable mobile banking applications. As such, the demand for mobile security solutions will be strong over the next few years, these include threat detection, end-point penetration and authentication tools. The rise of the Internet of Things will ensure that end point security will also be critical. The increase in compliance and regulation around data security will mean that reporting and compliance tools will also be in strong demand.

Opportunities

Overall, the market for cyber services will remain very strong over the next decade as Australian companies outsource the supply of security solutions. Much of the desire to outsource is driven by a labor shortage of cyber professionals in Australia. Its expected that we will see increase demand for machine learning and AI solutions in the local market.

Thanks to the Australia-U.S. 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, but not on services that are carried out remotely.

Resources

[Australian Information Industry Association](#)

[Australian Reseller News](#)

[CIO](#)

[MILCIS](#) – Military Communication & Information Systems Conference (10-13 November 2020)

Defense

Overview

Australia is a major defense market for the United States and is pursuing a multi-streamed defense acquisition policy including substantially increased total expenditure (target is 2% of GDP per annum); acquisition of world's best non-nuclear systems, incorporating interoperability with the US military; skills transfer and in-country R&D, assembly and manufacture as part of a development plan to grow the Australian defense industry; re-establishing a naval shipbuilding industry; and pursuit of international sales from Australian-produced defense systems.

Annual total defense expenditure is of the order of US\$25–30 billion and defense acquisition and sustainment is a large part of this figure. Australia's already substantial defense purchases were strengthened in March 2016 by the release of the [Defence White Paper](#) which detailed an US\$145 billion defense acquisition plan for the decade to FY 2025-26. More recently, Australia's defense acquisition planning has been further strengthened by the [2020 Defence Strategic Update](#) which details a ten year US\$190 billion defense acquisition plan ending FY2029-30.

New investments will include 12 regionally-superior conventional submarines (to be built by French company DCNS in Australia); 9 anti-submarine warfare frigates (to be built by UK company BAE Systems); 12 patrol vessels (Germany); 7 P-8 Poseidon aircraft (US); 72 F-35A Joint Strike Fighters (US); 12 E/A-18G Growler airborne electronic warfare aircraft (US); helicopters of various types (United States has multiple options); missile defense systems (probably US); a long range rocket system (probably US); a new generation of armored vehicles (Germany); and upgrading the main battle tank fleet (US). 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 well-placed to win some of this business as well in collaboration with Australian industry. Note also that there is a strong US industry presence in Australia by way of local subsidiaries and that this is also reflected in a particularly strong American Chamber of Commerce in Australia (AmCham) with offices across the country.

U.S. companies also have the in-country support of US export promotion agencies – specifically the US Commercial Service with an aerospace and defense/marine/safety and security specialist based in the US Embassy in Canberra, along with a uniformed team at the Office of Defense Cooperation, also located in the US Embassy, tasked with facilitating US solutions for a range of Australian defense projects. Both offices actively engage with US companies and the Advocacy Center in Washington DC to advocate on behalf of US bids for defense projects in Australia. Advocacy cases currently active offer the prospect of more than USD 10 billion in US sales to Australia and active Foreign Military Sales (FMS) cases are valued at in excess of USD 20 billion.

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

Australia defense expenditure is closely aligned with its territorial claims to, and associated defense of, 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. By 2020, Australia will also boast the world's first fifth generation air force, flying almost exclusively US-made product.

Australia has various defense agreements with the United States including a Defence Trade Cooperation Treaty. It prioritizes interoperability with the United States and has been a firm US ally for a century. Indeed, the two countries celebrated a 'century of mateship' in 2018 dating back to the Battle of Hamel in 1918 when the two armies first went into battle together. 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.

Australia's defense equipment investment program includes a heavy focus on various fixed wing, helicopter and UAV aircraft. Australia is a major importer of defense systems and a leading customer of the United States – 3rd in 2015 and 2016; 2nd in 2017. 5th in 2018; and 6th in 2019. This does not include collaborative development activities which are of a similar scale in value to direct export sales.

Australia released its [Naval Shipbuilding Plan](#) in May 2017, outlining the country's largest ever program of naval shipbuilding and sustainment, including AUD1.3 billion (USD1 billion) investment to develop infrastructure in shipyards.

Australia has committed to investing around AU\$90 billion (US\$70 billion) in the rolling acquisition of new submarines, and the continuous construction of major ships such as future frigates, as well as minor naval vessels. Australia's White Paper on Defence profiles Australia's total defense acquisition program over the coming decade.

U.S. companies looking to showcase their capabilities to Australia and its Asia Pacific neighbors should consider exhibiting in the US Pavilion at the next Australian International Airshow to be held south of Melbourne in November 2021.

[Avalon 2021](#) will be the defense-focused trade show to attend in the Asia Pacific in 2021. It will be celebrating the centenary of the Royal Australian Air Force (RAAF) and the RAAF has announced its intention to make Avalon 2021 the largest airshow in the Asia Pacific that year. From a trade exhibition perspective, U.S. exhibitors continue to make up an increasingly large component of the airshow total. In 2019, for example, of the approx 700 exhibitors 110 were US companies. Avalon 2021 is forecast to attract approx 130 US exhibitors which would make it the largest showcase of U.S. capabilities in Asia since February 2018.

Many U.S. defense companies have large presences in Australia, including Boeing, Lockheed Martin, Collins Aerospace, Northrop Grumman, Honeywell, General Dynamics and Raytheon. These companies and many smaller U.S. companies have won substantial defense contracts in Australia, culminating in Australia's rise in 2017 to the U.S.' 2nd largest defense market worldwide. Australia's defense industry is also a major investor in the United States, with Australian defense companies now present in over thirty (30) US states. The Australian Defence Sales Catalog is available online at <https://www.defence.gov.au/Export/australian-military-sales/> and will be of interest for U.S. companies who are looking for potential Australian partners and/or distributors as well as those who trade in military equipment, including of U.S. origin.

Total U.S. defense sales to Australia are hard to quantify due to their nature and to differing definitions of what constitutes a 'defense' sale, but Australian government sources confirm annual defense purchases from the US have exceeded US\$3 billion per annum for the past three years. While equipment of diverse kinds dominates Australian defense purchasing it also invests heavily in services including cyber/electronic warfare, training and facilities construction. In April 2018, the Australian government announced that U.S. companies KBR and Huntington Ingalls Industries (HII) would jointly deliver a Naval Shipbuilding College in Adelaide to train the skilled workforce necessary to deliver Australia's ambitious naval capability plan.

Equipment supply includes leading edge technologies such as the MQ-4C Triton remotely-piloted aircraft from Northrop Grumman announced in June 2018 to be supplied via a cooperative program with the U.S. Navy. Six or possibly seven MQ-4C RPAS are planned to be acquired under the AIR 7000 project, with a total potential value of approx. AUD7 billion (US\$5.5 billion). And while various companies have or will win the prime

contractor roles to deliver these large projects, that still leaves extensive specific supply opportunities for US companies within their scope. For example, while UK company BAE Systems will build the AUD35 billion (US\$27 billion) SEA 5000 fleet of anti-submarine warfare frigates, the United States will supply its Aegis combat management system as a critical component and Australian industry content is expected to reach 6570%, further opening up opportunities for US companies and their subsidiaries to work with local Australian companies.

Boeing, which has its largest presence outside the U.S. in Australia, has also utilized its Australian workforce to develop the Loyal Wingman pilotless combat vehicle (UCAV) which is the first aircraft that Boeing has designed and will build outside the US and which opens up export opportunities from Australia.

The key source document for future defense purchases is the 2020 Defence Strategic Update released in July 2020. It is accessible online and updates the 2016 Defence White Paper explaining Australia's defense strategy and planned acquisitions.

The following table summarising defense trade with the US broadly extrapolates 2018 and 2019 numbers forward – despite widespread international economic disruption in 2020 – on the basis that the Australian government's capacity to keep buying defense equipment is still in place. The one key qualification to this assumption is that Australia has committed an enormous amount to social and economic initiatives to underpin the Australian economy in 2020/21, and there may be some risk of the defense budget being reduced to help meet these other undertakings. Otherwise the Australian government is committed to both growing its ongoing defense spend to two per cent of annual GDP and also to developing a defense export industry that will put Australia among the world's top ten defense exporters.

	2018	2019	2020	2021
Total Local Production	8000	8150	8200	8200
Total Exports	800	875	925	950
Total Imports	2200	2300	2300	2300
Imports from the US*	1750	1750	1750	1750
Total Market Size	9400	9575	9575	9550
Exchange Rates	.77	0.70	0.63	0.65

(total market size = (total local production + imports) - exports)

Unit: USD Thousands

Data Sources: Global Trade Atlas; IBISWorld Australia; tariff and trade data from the US Department of Commerce and the US International Trade Administration; White Paper on Defense, Australian Department of Defence; Australian defense sector estimates and analysis. Data retrieved as at 29 May 2019.

NB Imports from the US * are measured differently by US and Australian Government sources. Whilst the above figures for US imports reflect defense export statistics compiled by the US Department of Commerce, Australian Government numbers are consistently higher – i.e. US\$3 billion per annum – and reflect likely definitional issues and arbitrary inclusions/exclusions. The Australian data for example includes Cooperative, FMS and Commercial Sales. For FY 2018 their figures were US\$ 1.3 billion, US\$ 1.2 billion and US\$ 0.57 billion respectively for a total of US\$ 3.07 billion defense purchases from the US.

Leading Sub-Sectors

The scale of the defense acquisition is so great that U.S. companies would be well advised to review the 2020 Defence Strategic Update and the preceding 2016 Defence White Paper; identify potential opportunities from the information provided; and subsequently reach out to the U.S. 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 U.S. Pavilion are the Australian International Airshow at Avalon, which alternates with the Singapore Air Show; the Indo-Pacific International Maritime Exposition; and Land Forces. There is also a civil security including border security and disaster response event called CivSec which will be held concurrently with Land Forces 2021 in Brisbane and other smaller, more specialized events – notably MilCIS, which has a particularly strong US industry presence.

Avalon is easily the largest and most important defense event in Australia and arguably in Asia as a whole in 2021. The other Australian defense events are similarly high profile and strongly supported by industry and the military.

MilCIS is the annual Military Communication and Information Systems conference held in Canberra in November and usually features a strong U.S. exhibitor presence. In 2020, MilCIS will be held as a virtual event. Almost half of the exhibitors at the 2019 event were US-based or Australian subsidiaries of US companies and indeed the Chief Information Officers (CIOs) of all five FiveEyes nations – U.S., UK, Canada, New Zealand and Australia) - all attended and delivered a keynote shared presentation.

It is worth noting that Avalon, Indo-Pacific and Land Forces (and the helicopter industry trade show RotorTech) are all organized by the one company - AMDSFA - and Kallman Worldwide of NJ promotes and manages U.S. Pavilions at Avalon, Land Forces and Pacific. A U.S. Pavilion at MilCIS is not required since at least thirty per cent of exhibitors are US or US subsidiaries.

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 9 May 2019. No event was held in 2020.

Key defense acquisition and sustainment projects are profiled on the Australian Department of Defence website. Project opportunities are advertised via tender and can be found on the AusTender website <https://www.tenders.gov.au/> US companies should pay particular attention to the Australian Government's Industry Capability Plan requirements and objectives. Australia is determined to reverse a decline in its defense industry capabilities, starting with the rejuvenation of its naval shipbuilding, and has a strategy to turn Australia into a leading defense exporter in the mid-term. While not mandating specific Australian content requirements or offsets, Australia is determined to see that everything that can be done in Australia should be done in Australia and has been quite clear that those companies that bid on that basis will be looked upon more favourably than those that do not.

Note that this framework still leaves enormous opportunities for US companies to sell directly; in collaboration with an Australian distributor / partner; and / or via an Australian subsidiary or contracted partner delivered

some work in-country. It is about 'clever supply' that delivers enhanced capabilities in Australia whilst also achieving export success to US exporters and manufacturers. US industry is a preferred partner; benefits strongly from Australia's determination to deliver interoperability with the US military; and easily wins the largest share of defense business going to non-Australian suppliers, as well as a large share of Australian industry business via its Australian subsidiaries.

Resources

[MilCIS 2020](#)

[Land Forces](#) 2021

[Avalon 2021](#)

[Indo-Pacific International Maritime Exposition 2022](#)

[Australian Department of Defence](#)

Australian Department of Defence – [2020 Defence Strategic Update](#)

U.S. Pavilion coordinator at Pacific, Land Forces, RotorTech and Avalon Airshow – Kallman Worldwide – <https://www.kallman.com/>

US Department of Commerce – [The Advocacy Center](#)

Medical Devices

Overview

	2017	2018	2019	2020 (Estimated)
Total Local Production	2265	2264	2331	2447
Total Exports	1971	1970	1492	1566
Total Imports	4276	4468	4279	4492
Imports from the US	1566	1580	1479	1552
Total Market Size	4792	4762	5118	5373

(total market size = (total local production + imports) - exports)

Units: \$ millions

Data Sources: Local Production: Industry estimates

Total Exports, Imports & Imports from the US: GTA using HS 9018, 9019, 9021, 9022)

The Australian medical equipment industry sector has consistently provided good prospects for US exporters. Australia is the ninth largest market for US 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](#).

In 2019, U.S. exports of medical equipment and supplies to Australia totaled US\$1.4 billion, representing 3.2% of total medical equipment and supplies exports.

Approximately 80% of domestic demand for medical devices and diagnostics is met by imports while nearly all medical technology products manufactured in Australia are exported. The three major suppliers of medical imports are the United States, the People's Republic of China and Germany. The United States is the largest supplier of medical products with 35% of imported products originating in the United States.

US 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 US\$5 billion market is price sensitive and competitive. Australia spends approximately 9% of its GDP on healthcare, which is similar to Canada (10%) but less than the United States (16%). 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 IMDRF guidelines which means that EU and Australian requirements are similar. The majority of devices in Australia are supplied under CE certification. However, under the Medical Device Single Audit Program (MDSAP), the TGA recognizes US FDA regulatory clearance information if presented with a MDSAP certificate. For higher risk devices including all implants, the TGA conducts additional reviews before registration. US exporters do need to appoint an Australian representative/sponsor to obtain regulatory approval from the TGA.

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 disease. 50% of Australians are estimated to have at least 1 of 8 selected common chronic disease conditions: cancer, cardiovascular disease, mental health conditions, arthritis, back pain and problems, chronic obstructive pulmonary disease, asthma and diabetes.

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.

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 in the three largest states is available at:

[NSW Health](#)

[Health Purchasing Victoria](#)

[Queensland Health](#)

Education

Overview

The Education industry at all levels is Australia's third largest export valued at US\$26 billion in 2019. IbisWorld Education industry report March 2020 suggests that revenue growth for the Education and Training Division has been adjusted from 5.2% to 1.3% in 2020 primarily as a result of the decline in international student numbers during the pandemic.

Australia is home to [43 universities](#) with at least one university main campus based in each state or territory. Australia is the eighth most popular destination for American students with around 8,250 American students in 2019, around 2,600 in higher education (which can proxy for universities).

[Types of schools](#) include government schools, non-government schools (including faith-based schools such as Catholic schools) and schools based on educational philosophies such as Montessori and Steiner. All schools must be registered with the state or territory education department and are subject to government requirements in terms of infrastructure and teacher registration.

The Open Doors report indicates that Australia is among top sending countries to the United States ranking at number 30. In 2019, 4,930 Australians studied in the United States of which 49.5% were Undergraduate students, 22.2% Graduate, 17.8% Non-Degree, and 10.6% in Optional Practical Training (OPT). The top receiving States are California, New York, Massachusetts, Pennsylvania and Texas. Additionally, Australia has consistently ranked among the top senders of student-athletes to the National Collegiate Athletic Association (NCAA).

Leading Sub-Sectors

- Online Education
- Education Technology

Online Education

According to IbisWorld Industry report April 2020, Australian universities are projected to expand their online education capabilities over the next five years. Additionally, industry establishment and employment numbers are projected to rise over the same period resulting in increased demand. Growth in the national unemployment rate in the last five years is expected to encourage Australians to upskill to make themselves more attractive to consumers. Improvements in technology infrastructure are anticipated to facilitate the industry's growth.

To be considered an online provider, over 80% of the course or unit content offered must be delivered online. For example, students could be located off-campus for the duration of their enrolment and successfully complete a unit of study. Online education includes study at all levels of education.

Online Education: Products and Services Segmentation

Non-formal education	12.4%
Certificates and diplomas	15.9%
Undergraduate courses	36.6%
Postgraduate courses	30.1%
Online tutoring	2.4%

School education	2.6%
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Source: IbisWorld April 2020

Massive Open Online Courses (MOOCs), which are free of charge, have rapidly developed over the past five years. They have shown to be the most popular among mature-age students that are looking for professional education. Australian universities have developed partnerships with successful MOOC providers, such as US-based Coursera and edX (a non-profit platform), over the past five years. For example, the University of Queensland and the Australian National University offer MOOCs through edX. The University of Melbourne and the University of New South Wales offer MOOCs through Coursera. (IbisWorld 2020).

Leading online providers in Australia include Ducere, Online Education Services, Open Colleges, Open Training and Education Network, and Open Universities Australia. Additionally, Kaplan Professional owned by US-based company Graham Holdings is one of the leading organisations offering both vocational and postgraduate online qualifications. Courses offered are often specific to Australian laws and systems, hence are only relevant for people intending to work in Australia. However, several education institutions have increasingly targeted international markets to tap potential revenue streams. (IbisWorld 2020)

Technological advancements, wider internet access, and data-transfer speed resulted in the growth of online learning and made the online education model an increasingly viable and attractive option for learning and career advancement. Furthermore, Australia has a relatively high smartphone penetration rate compared with the rest of the world, and online education providers have readily made course content available on smartphones and they continue to increase reaching a wider base. (IbisWorld 2020)

Education Technology

The Australian education technology market is dynamic and evolving. This market is expected to grow to US\$1.2bn in 2022 (Frost & Sullivan industry analysis). According to [The Australian EdTech Market Census 2019](#) by Deloitte, in partnership with EduGrowth, population growth, evolving labor market skills, and emerging industry needs are driving rapid demand for EdTech. Education Technology offers solutions that address specific needs of learners, employers, or education providers as well as support researchers and administrators of educational services.

Advanced technologies such as Augmented Reality (AR)/Virtual Reality (VR), Artificial Intelligence (AI), robotics and blockchain are transforming education. Almost 20% of all global edtech investments in 2017 involved AI which is a significant increase from 4% in 2016.

It is estimated that Australia has approximately 600 EdTech organizations servicing the entire education ecosystem. These organizations have almost doubled in size since 2017. Established companies, who have been in operation for more than two years, now make up almost 40% of the market.

Since 2017, the most common solutions of EdTech organizations in Australia target the primary, secondary and higher education sectors. According to Deloitte, this is aligned closely to government spending in these areas.

Opportunities

The online education industry in Australia has a high potential for globalization as online course delivery removes national boundaries and allows for competition at a global level. The trend towards reskilling, upskilling and lifelong learning is also expected to support growth in this flexible method of study.

EdTech and distance learning will be critical to help meet increased demand for education in schools and higher education, while simultaneously enhancing education services. Professional learning also provides an opportunity for growth. According to Deloitte, a high level of local and global Investment seems to be concentrated in the future of work solutions such as cloud computing. Using advanced technology, such as AI, in research has also gained traction since 2017. Results include improved efficiency in research, gaining insight

in class, and customized learning. The Australian government regards high-quality science, technology, engineering and mathematics (STEM) education as critically important for the country's current and future productivity. Consequently, the government is providing significant funding for initiatives to improve the teaching and learning of STEM in early learning and schools.

Resources

[EduTech International Congress and Expo](#). November 9 & 10, 2020 (virtual)

[EducationUSA events](#) for Education Fairs in Australia

[The Australian Skills Quality Authority \(ASQA\)](#)

[Tertiary Education Quality and Standards Agency \(TEQSA\)](#)

[Australian Council for Computers in Education](#) (ACCE)

[Department of Education, Skills and Employment](#)

[Open Doors Report on International Educational Exchange](#)

Agriculture

Overview

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.

Australia has a large number of two-income families and thus strong demand for 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.

In 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, Water and the Environment 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 United States 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 United States continue to regulate foods such as meat, egg products, shellfish and dietary supplements and more stringent requirements continue to apply.

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 Trade Data Monitor data, Australian imports of U.S. agricultural, forestry and fishery products in CY 2019 were valued at over US\$1.72 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 1.17 billion and USD 248.9 million respectively in CY 2019). 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.

Australia is among the top five largest markets for American-made agricultural equipment and is considered a high-volume, low-risk market. Like Canada, Australia is heavily exposed to global commodity prices. Equipment for grain, oilseeds and other commodity crops comprise 45% of US exports. Broadacre agriculture in Australia has experienced difficult times for some years due in part to lower world commodity prices but more so due to prolonged drought. As one key impact, combine harvester sales from the United States to Australia have effectively halved since the boom years of 2011-2012.

Encouraging rains in early 2020 have generated increased confidence in the sector and indeed there has been an increase in tractor sales with anticipated modest recovery in sales to 11,000 for calendar year 2020. Hay balers remain one of the rare growth sectors with sales up by approx 1000 units in 2019.

The Australian network of tractor dealerships continues its decline / consolidation with outlets declining from 757 to 677 in the ten years 2009 – 2019 and the companies operating those outlets declining from 555 to 385 over the same time period. John Deere dealerships are the largest and best known presence followed by CaseIH. Mowers and other power equipment and equipment for raising livestock have continued to do well. Demand for smart farming solutions is also anticipated to grow.

Agricultural Equipment

	2018	2019	2020	2021
Total Local Production	1,748	1195	1040	1045
Total Exports	261	220	199	204
Total Imports	2,251	1819	1651	1818
Imports from the US	865	825	800	820
Total Market Size	3,738	2794	2492	2659
Exchange Rates	0.77	0.70	0.63	0.65

(total market size = (total local production + imports) - exports)

Unit: USD millions

Sources: Industry estimates and the Global Trade Atlas

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.

Australian consumers are adopting a back-to-basics mindset, focusing on simple ingredients and fewer artificial or processed foods. The top 10 ingredients being avoided by Australian consumers are: Antibiotics/hormones in animal products; MSG; artificial preservatives; artificial flavors; artificial sweeteners; foods with BPA packaging; artificial colors; sugar; GM foods; and, sodium. These ingredients are being avoided primarily because of their perceived impact on health, rather than actual medical conditions.

Australian's want to eat healthier, but they need help to make it happen. Almost 50% of consumers indicated that they wished there were more 'all natural' food products on shelves – they also indicated that they would be willing to pay more for foods and beverages that don't contain undesirable ingredients.

The types of products consumers want to see more of are: all natural; no artificial colors; low sugar/sugar free; no artificial flavors; and low fat/fat free. U.S. exporters who can incorporate ingredients and preparation methods that improve the nutritional profile of products will be strongly positioned to succeed in this market.

It should be noted that although consumers are trying to eat more healthily, they still want to treat themselves occasionally so confectionery is still on their shopping lists!

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

In terms of equipment and technology, leading sub-sectors include combine harvesters, large horse power tractors, balers, irrigation equipment and tillage equipment.

It is estimated that 20 % of farm businesses are engaged in smart farming practices. Factors such as a relatively dry climate, large average farm size, low farm income subsidy and higher labor rates, will continue to drive demand for smart/precision farming solutions.

Opportunities

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

American exporters should 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. In general terms, larger shows include events like AgQuip, Henty, Elmore and Farm World.

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.

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, Water and the Environment](#)

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

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

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

[Tractor and Machinery Association](#)

Automotive Parts

Overview

Australia's auto market is mature, with modest growth expected going forward. In 2019 1,062,867 million new passenger cars, SUVs and commercial vehicles were sold in the local market, a decrease of 7.8% on 2018 sales. Sales of SUV's accounted for 45.5% of the market. Passenger cars accounted for 29.7% of the market, light commercial vehicles were 21.2%, and heavy commercial vehicles were 6.4%. New vehicles must be sold in right hand drive.

Top Passenger Vehicle Brands in 2019/ Top Vehicle Models in 2019

Toyota (205,766)Toyota HiLux (47,649)

Mazda (97,619)Ford Ranger (40,960)

Hyundai (86,104)Toyota Corolla (30,468)

Mitsubishi (83,250)Hyundai i30 (28,378)

Ford (63,303)Mitsubishi Triton (25,819)

Kia (61,501)Mazda CX-5 (25,539)

Nissan (50,575)Mazda 3 (24,939)

Volkswagon (49,928)Toyota RAV4 (24,260)

Honda (43,868)Kia Cerato (21,757)

Holden (43,176)Mitsubishi ASX (20,806)

Source: Federal Chamber of Automotive Industries; Australian Bureau of Statistics

Australia is the ninth largest destination for U.S. auto parts exports. The market has relatively few barriers for U.S. companies. Ford, GM Holden and Toyota have now ceased manufacturing vehicles in Australia. All vehicles are now imported.

The Australian aftermarket for replacement parts and accessories is estimated to be worth around USD8.6 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 USD1.3 billion.

U.S. auto parts exports to Australia were valued at US\$1.7 billion in 2019. China is the largest top source of imports of auto parts followed by the U.S, Japan, Thailand, Germany and Korea.

	2017	2018	2019	2020 (Estimated)
Total Local Production	5.12	5.14	5.16	5.20
Total Exports	1.18	1.20	1.25	1.25
Total Imports	4.03	4.33	5.00	4.50

Imports from the US	1.49	1.60	1.70	1.66
Total Market Size	8.27	8.27	8.60	8.45
Exchange Rates	.75	.74	.77	.77

Unit: USD Billions

(total market size = (total local production + imports) - exports) Data

Sources:

Total Local Production: Industry estimates

Total Exports: Industry estimates

Total Imports: Industry estimates

Imports from U.S: Industry estimates

Leading Sub-Sectors

The performance market can be divided up into a number of sub sectors with the first being performance and aftermarket parts for new vehicles. These vehicles include the Ford Mustang, Jeep Cherokee and Wrangler, 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. Performance parts are also in demand for Australian-manufactured performance vehicles from Ford and GM Holden 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 Amarok. Jeep's upcoming release of the Gladiator is also expected to create much demand for aftermarket accessories for the Jeep range.

Opportunities

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

U.S. made pickups such as the Ford 150/250, GM Silverado, Toyota Tucson and Dodge Ram are not imported into Australia by the major manufacturers. They are imported by private companies and converted locally to right-hand drive. Due to the high cost of conversion, there are relatively few of them on Australian roads. However, at a converted price point of sub AU\$100,000, the Ram sells in higher numbers than its competitors.

Currently, there are relatively few barriers to exporting automotive products to Australia. If products can be classified as automotive items of minimum 51% US content, there are no customs tariffs under the AustraliaU.S. 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 in the United States. The Australian Design Rules (ADRs) are the guiding

principles in terms of compliance in Australian and sometimes small modifications can require a construction engineer's report to ensure the vehicle complies with ADRs.

Resources

[Australian Automotive Aftermarket Association](#)

[Australian Customs Service](#)

[Department of Infrastructure and Transport](#)

[Federal Chamber of Automotive Industries](#)

[Federation of Automotive Parts Manufacturers](#)

Building & Construction

The Australian construction industry is valued at approximately AU\$150 billion (US\$112 billion) annually and accounts for around 9% of GDP.

In February 2020, Infrastructure Australia (IA) released its infrastructure priority list of 147 significant infrastructure proposals. IA has responsibility to strategically audit Australia's nationally significant infrastructure and develop 15 year rolling plans that specify national and state level priorities. The list can be found at www.infrastructureaustralia.gov.au

In August 2019, IA published its audit covering transport, energy, water, telecommunications and social infrastructure. The main challenges identified at the time included:

- Population growth which has placed increased pressure on ageing assets, rising road congestion, crowding on public transport and greater demands on social and infrastructure such as health, education and green space.

- A large rise in network costs driving energy bills 35% higher over the past decade.

- The rollout of the National Broadband Network.

- Water security particularly in regional areas due to long-term drought.

In response to the challenges identified, Australia's high priority infrastructure projects broadly fall within the following five areas: town and city water security; national water security; coastal inundation protection; national waste and recycling management; and national road maintenance.

In July 2020, the Australian federal government announced a US\$1 billion funding package targeting "shovelready" smaller-scale projects in all states as a way to stimulate job creation. The priority list of 15 projects for "fast-track approval" includes: the inland rail project from Melbourne to Brisbane; the Marinus undersea electricity link between Tasmania and Victoria; the Olympic Dam extension in South Australia; emergency town water projects in NSW; and road, rail, and iron ore projects in Western Australia. Work has begun on accelerating infrastructure projects worth more than US\$72 billion in public and private investment.

Australia has a number of home-grown EPC (engineering, procurement, construction) groups, which are particularly well-established in the mining-related engineering construction sector but some of whom also have considerable overseas project experience. Major UK and U.S. EPC companies that have long had a presence in the market include Bechtel, Fluor, Balfour & Beatty, Laing O'Rourke. More recent market entrants have set up operations in-country either directly e.g. Bouygues (France), POSCO (Korea), or through acquisition e.g. ACS (Spain) now owns the CIMIC Group (formerly known as Leighton Holdings and includes CPB Contractors, John Holland, Thiess and UGL).

American companies offering engineering, consulting or technology solutions that could fit into any of Australia's priority areas are encouraged to contact the U.S. Commercial Service for assistance. While some foreign engineering companies have entered the market through acquisitions there are also opportunities to collaborate and partner with local firms on specific projects. The U.S. Commercial Service has been engaging with both American and Australian engineering firms and is in a good position to offer introductions to potential partners in Australia, especially for those partners looking to address infrastructure capability gaps.

Leading Sub-Sectors

Key sub-sectors in this industry include road and rail construction, commercial construction.

Opportunities

The Infrastructure Priority List (IPL) is a prioritized list of nationally significant investments, detailing major proposals to boost the Australian economy. The 2019 list identifies a record 121 major infrastructure

proposals, including eight High Priority Projects, ten Priority Projects, 29 High Priority Initiatives and 74 Priority Initiatives. The IPL can be viewed [here](#).

Information on major construction projects in Australia is available through [Projectory](#), a subscription-based service which covers the resource-related, infrastructure, defense, petrochemical and utilities sectors.

Resources

[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. \(MBA\)](#)

Franchising

Overview

Australia has more franchising outlets per capita than any other country, and three times more than the United States, but over 90 percent of franchises are Australian-developed. U.S. brands (not individual units) only represent approximately eight percent of the market.

According to an official study by Griffith University, there are over 1,100 franchisors, 65,000 franchise units and 8,000 company-owned units in Australia. The franchise sector has been flourishing since the 1970s 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. Many 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% of franchise systems. In 2019, food retail concepts that promoted health and well-being continued to do well. Opportunities also existed 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 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 also became popular in 2019.

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 Business and Octomedia. 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 US companies have also entered the market by setting up their own corporately-owned units as a way of establishing proof of concept.

Resources

The Franchise Council of Australia (FCA) is a leading industry (trade) association, and works closely with local and international franchises alike to help them make progress. More details on the FCA can be found [here](#).

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. More details on the Expo can be found [here](#).

Water and Wastewater Treatment

Overview

	2017	2018	2019	2020 (Estimated)
Total Local Production	370	390	393	377
Total Exports	55	58	59	57
Total Imports	921	941	966	930
Imports from the US	138	141	145	145
Total Market Size	1,236	1,273	1,311	1,250
Exchange Rates	.77	.75	.71	.65

Unit: USD millions

(total market size = (total local production + imports) - exports)

Data Sources: Industry estimates

2019 saw Australia experience one of the worst droughts in the last 100 years. The drought had particularly impacted areas of the southern coast of Australia, the west coast of Western Australia, northeastern New South Wales and the greater southeast of Queensland. The arid interior of Australia and most of the Northern Territory also experienced even dryer conditions than in previous years. Federal and State-based government agencies were once again working on strategies and projects aimed at addressing the challenge. With drought conditions easing significantly in early 2020, securing future water supply remains an important long term priority but the anticipated pipeline of new projects is unlikely to commence in the short to medium term.

Australia spends an estimated USD6 billion each year on water and wastewater treatment services. Direct capital purchases and equipment maintenance account for 20 percent of total spending.

Australia has a population of 25 million, and 94 percent of Australians are connected to a main water supply. There are approximately 300 urban water utilities in Australia. The largest 22 utilities service about 70 percent of the population. The smallest 200 utilities collectively service 13 percent of the population, which is less than the number of customers of Australia's largest utility – Sydney Water.

In addition, approximately 85 percent of the population currently have access to more than 700 community sewage treatment plants. Nearly half of these are based on biological filters, about 170 are lagoons, and 45 are based on primary treatment. Most new plants are implementing activated sludge processes. On the municipal side, water authorities remain the main purchasers and users of goods and services in this sector, and they are relatively few. These utilities tend to be serviced by multinationals. There are a small number of large Australian suppliers (employing 100 or more) but most of the players are smaller companies (employing 1-20 people). There are also some well-established local manufacturers/assemblers of water and wastewater treatment package plants.

Leading Sub-Sectors

Given the market structure, smaller vendors are targeting mining and other remote community applications. Other key applications include: wool scour mills, steel processing, pulp and paper, breweries, chemical and petrochemical plants, pharmaceutical plants, abattoirs and canneries, and food and beverage processing.

Opportunities

Industry contacts advise that the removal of organics from water supplies remains a priority because of issues regarding taste and odour and the formation of carcinogens when organics in the water reacts with disinfection

agents such as chlorine. Most new water treatment systems in Australia these days incorporate some form of organics removal. The three commonly used processes for dealing with removal of organics from drinking water here in Australia incorporate ion exchange, activated carbon and advanced oxidation processes.

Resources

Approximately 80 percent of service providers and water/wastewater equipment distributors are members of the Australian Water Association. Their details can be found [here](#).

Mining

Overview

The Australian mining industry dates 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, typically accounting for around 7% of total GDP. The industry is strongly export-oriented, with minimal processing onshore, and for over ten years has accounted for between 50 and 60% of total national exports. Australia is a global top five producer of gold, iron ore, lead, zinc and nickel and has the world's largest uranium and fourth largest black coal resources, respectively. As the fourth largest mining country in the world (after China, the United States and Russia), Australia will have ongoing demand for high-tech equipment, representing potential opportunities for US suppliers.

There are over 370 operating mine sites across the country, of which approximately one third is located in Western Australia (WA), one quarter in Queensland (QLD) and one fifth in New South Wales (NSW), making them the three major mining states. By volume, Australia's two most important mineral commodities are iron ore (29 mines) – of which 97% is mined in WA – and coal (over 90 mines), which is largely mined on the east coast, in the states of QLD and NSW. In contrast to most global production, the majority (around 75%) of black coal in Australia is produced from open-cut mines. This ratio of 3:1 open-cut/surface to underground mines also applies to the broader (i.e. non-coal) local mining sector.

The Australian mining industry experienced an extended phase of strong growth from around 2005 to early 2013, during which there was significant investment and construction of major projects. Since 2013, there has been a clear shift in focus from construction to production and export. This coincided with falls in major international commodity prices—particularly iron ore and coal—and led to the delay/cancellation of some projects and a strong drive to cut operating costs. With the improvement in commodity prices in the last two to three years, there have been signs of “green shoots” in the sector in terms of existing mine expansions and development of some new mines (albeit smaller operations than the large iron ore and coal mine developments of the last decade).

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. Equipment imports peaked around 2011-2012 (coinciding with a ‘super-boom’ in the local mining industry and a period when the AUD was particularly strong), and fell away quite sharply from 2013-2016 when commodity prices were down. Although it is unlikely to return to the highs of 2011-2012, there are however signs that demand for heavy equipment is picking up. The United States 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.

Leading Sub-Sectors

One of the key opportunity areas for US exporters in the Australian mining industry is maintenance and service. Mining companies remain strongly focused on reducing operating costs so products and services that enhance or extend existing infrastructure, and improve the bottom line, are likely to be well-received. Heavy construction equipment and drilling equipment are also leading sub-sectors.

Opportunities

With the high cost of labor in Australia, there is strong interest in automation technology such as driverless vehicles (trucks and trains), drills and excavation equipment. It is worth noting that this interest is strongest in the iron ore sector, where the large scale of mine operations justifies the investment in automation. The Australian mining industry is, in many areas, an early adopter of technologies, such as mobile and wearable technologies. There are also moves to convert particular types of heavy moving equipment e.g. underground loaders to non-diesel power, for both environmental and occupational health/safety.

Historically, there have been numerous mining trade shows across Australia though some of these events have disappeared in the post-boom era. The two largest events are:

[AIMEX-Australasian International Mining Exhibition](#) which is held biennially in Sydney (NSW), next taking place 24-26 August, 2021.

[QME-Queensland Mining & Engineering Exhibition](#) which is held biennially in Mackay (QLD), next taking place in 2022.

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)

Customs, Regulations & Standards

Trade Barriers

Quarantine

[The Australian Department of Agriculture, Water and the Environment](#) (DAWE) 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 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. There may also be seasonal biosecurity measures in place by the Australian government, such as those used to contain the spread of brown marmorated stink bugs, that a wide range of U.S. exporters will need to comply with.

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 [here](#).

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 [here](#).

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 [here](#).

Import Tariff

Goods entering Australia may incur duty, GST, and/or additional charges. customs duty rates vary and depend on factors such as type of goods and country of origin. Because of the preferential tariff arrangement under the AUSFTA discussed earlier, 99% of US-origin goods enter Australia duty free. The importer is still responsible for applicable GST payments.

Since July 2018, GST of 10% applies to sales of low value imported goods to consumers. A recipient is not a consumer if they are a GST-registered business who purchases the goods for use in their business in Australia.

A US exporter only needs to be registered for GST if the value of their sales of low value goods imported into Australia by consumers (plus any other sales made that are connected with Australia) is AUD75,000 or more in a 12-month period. If the US exporter only makes sales to Australia of goods imported by GST-registered businesses, they will not be required to register for GST. More information can be found on the ATO [website](#).

Import Requirements & 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](#).

Customs does not require companies or individuals to hold import licenses, but importers may need to obtain permits to clear the goods. 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.

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 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 website (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. Guidance can be found in the FAIRS report mentioned above. Full details on the requirements can be found [here](#).

US Export Controls

When exporting products to other countries, there are a few things that exporters must keep in mind. To determine whether an exporter needs to obtain an export license 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.

90% 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 can export their goods and whether they need an export license. This list can be found on the [website](#).

Australia is an active member of the major international arms control treaties ([Australian treaties library](#)) 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 US Communities.

The Customs Amendment (Military End-use) Act 2012 also introduced a power to prohibit the export of “nonregulated” 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.

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 quarantine restrictions against numerous 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, Water and the Environment 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, Water and the Environment maintains a detailed database on their [website](#) of Biosecurity Import Conditions for most agricultural products. 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, online forms, WTO Sanitary & Phytosanitary notifications, etc. is also available on the DAWE [website](#). This information is updated regularly. Guidance on import requirements is also available in the 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 US shipper should declare on the commercial invoice “the goods are of US 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.

Standards for Trade

Overview

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 US companies.

Standards

[Standards Australia](#) is Australia’s national standards body. 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 Electro technical 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 Technical Barriers to Trade Agreement (TBT Agreement) Code of Practice, which using technical standards as barriers to international trade. As a result, approximately 33% 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 New Zealand 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 [DAWE](#), 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 US 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 US by Ford, General Motors, and Chrysler.

The Therapeutic Goods Administration (TGA) oversees issuing approvals for all medical devices and health-related products.

Testing, Inspection & Certification

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

Several voluntary and mandatory labels and marks indicating standards conformity are used in Australia. Information about the required labels can be found by contacting the relevant standards organization.

Some electrical products are required to carry an approved energy efficiency label. These products include: refrigerators, freezers, clothes washers, dryers, dishwashers, and air conditioners. A larger list is regulated based on 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.

Publication of technical regulations

Members of the World Trade Organization (WTO) are required under the TBT Agreement to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. [Notify US](#) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the US Department of Commerce.

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.

For more information on Australian standards please contact John Kanawati, Commercial Specialist, Email: john.kanawati@trade.gov

Trade Agreements

The Australia- U.S. 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](#).

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 in force with:

- ASEAN
- Chile
- China
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
- Hong Kong
- Indonesia
- Japan
- Korea
- Malaysia
- New Zealand (CER)
- Peru
- Singapore
- Thailand
- The United States

Australia also has Free Trade Agreements concluded but not yet in force with:

Pacific Agreement on Closer Economic Relations (PACER) Plus (signed 14 June 2017)

Australia is also pursuing FTAs with several other parties including the European Union, Gulf Cooperation Council and India. Australia is an active member of 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% 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 (e.g. architecture, engineering), business (e.g. human resource management, market research, advertising, PR, event management and executive recruitment). Each industry encompasses specific certification and license requirements.

Selling US Products & Services

Distribution & Sales Channels

Distribution channels tend to be less industry sector-focused than those in the United States. 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.

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 dominant market share as there are an estimated 12,000 businesses operating within this subsector. Express shipping from the United States to Australia can take between three-five working days. Priority mail can take between 7-10 working days.

Using an Agent to Sell U.S. Products and Services

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 is 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' duties and obligations under a representation contract include 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 the "reasonable notice period" is undefined, courts may take into consideration the nature and length of the contract when determining whether reasonable notice was given.

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 US 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 like those in the United States. Establishing a business in Australia, either individually 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 US 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).

While establishing an office is straightforward, we encourage US 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.

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 United States. For information on franchising please refer to the best prospects section under Leading Sectors for US Exports & Investments.

Joint Ventures/Licensing

Joint ventures (JV) are a common feature of Australia's commercial and legal environment, and take one of several typical forms:

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 from them. 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 rarely used in Australia. They are partnerships of general law and do not create 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.

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.

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" on 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.

Licensing

License agreements involving Australian companies should contain the usual terms one would find in a license in the United States. For example, the agreement should detail the 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.

There are few legal and administrative requirements governing 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).

Due Diligence

US 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 US 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 Investment 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.

eCommerce

Overview

According to research company Statista, Australia is the eleventh largest ecommerce market by revenue in the world, and revenue is predicted to reach US\$25.7 billion in 2020 and is expected to grow to US\$32.3 billion by 2024. This represents a year on year increase of 15.5%. In comparison, the bricks and mortar retail market grew by 3.4% over the same period to reach US\$200 billion. Online commerce represents approximately nine percent of all retail trade in the Australian market. The largest Australian eCommerce platforms/sites are eBay (AU) (69 million monthly visits), Amazon (AU) (22.5 million), Woolworths (20.4 million), JB Hi-Fi ((13.3 million), Big W (11.9 million), Coles (10.7 million), Kogan (10.2 million), Officeworks (9.45 million), Chemist Warehouse (9.1 million), and Catch (8.95 million).

Current Market Trends

According to a recent survey carried out by Australia Post the fastest growing categories for online commerce are fashion (increase in number of shoppers over 2018 by 20.4%), variety stores – e.g: large retailers, and online marketplaces (increase in number of shoppers over 2018 by 21.5%). Other leading sectors include, health and beauty, homewares and appliances, hobbies and recreational goods, books, and specialty food and liquor.

Domestic eCommerce (B2C)

Analysis by research group Statista reports that 89% of ecommerce purchases in Australia will be domestic by 2020. This market has grown over 11% over the last year. Over 40% of all B2C transactions take place on eCommerce platforms such as eBay, Amazon, 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

Only 21% of Australians purchased products in 2019 from international sellers. Australia Post reports that 40 percent of Australian shoppers most recent purchases were from China. The United States has declined in share over the past two years and now amounts for 21 percent of overseas purchases, followed by United Kingdom (14%), Hong Kong (6%), and New Zealand (3%). These purchases are generally made due to increased product offerings from overseas suppliers and cheaper prices. A Goods and Services Tax (GST) is charged at a rate of 10 percent of the landed value of these goods originating from overseas. A recipient is not a consumer if they are a GST-registered business who purchases the goods for use in their business in Australia. The supplier can

be sure this is the case if they obtain the recipient's ABN and the recipient states to them that they are GSTregistered.

The reporting requirements for customs documents apply when the supplier is registered for GST in Australia and responsible for sales of low value goods. This includes where items where GST is not charged because the customer is not a consumer – if so, the tax information which must be included is the supplier's GST registration number and the recipient's ABN (if the supplier has it).

A supplier only needs to be registered for GST if the value of their sales of low value goods imported into Australia by consumers (plus any other sales made that are connected with Australia) is AUD75,000 or more in a 12-month period. If the supplier only makes sales to Australia of goods imported by GST-registered businesses, they will not be required to register for GST. This means there will be no requirement to include the information in customs documents.

More information can be found at www.ato.gov.au/AusGST , including a webinar and some short factsheets as well as detailed web guidance and links to public rulings.

Other sections relevant to US exporters include:

- Sales of low value goods to GST-registered businesses
- Requirements for customs documents eCommerce

Services

Major fulfillment service providers in the local market include Australia Post, DHL, FedEx, TNT, Toll.

Popular eCommerce Sites

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

Online Payment

According to Australia Post research, 48.8 percent of all online payments are made via PayPal. Credit and debit cards account 39.9 percent of online payments. The fastest growing segment is the buy now pay later market which accounts for 6.7 percent of online transactions. The most well known provider in this segment is AfterPay Mobile eCommerce

Mobile eCommerce represents a significant opportunity in the local market. With mobile penetration at close to 100%, mobile payments and purchasing is a major strategy for all retailers. According to a recent report by PayPal, 26.4 percent of all ecommerce transactions occur via mobile phone, representing a 28.8 percent year-on-year increase, and dwarfing transactions made over laptop and desktop, which have been shrinking over the last couple of years.

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% between 2013 and 2019, while video advertising is expected to grow at 31%.

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.

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.

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), US Black Friday and Merry Monday (December 19).

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 or service in Australia. Australian distributors can struggle to compete against online retailers, so it is very important for US 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 United States.

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 United States, 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 US Commercial Service Australia organizes US Pavilions at several Australian trade shows to introduce new American suppliers and raise the market profile of existing distributors of US products and technologies.

Pricing

The modest size of 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 US 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 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. US exporters should note that sea freight rates from the US 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.

Sales Service/Customer Support

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

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 US exporters, the US Commercial Service-Australia maintains a list of firms known to us on our website under the heading [Business Service Providers](#). Legal services include: [Law Council of Australia](#), [The Law Society of NSW](#), [Queensland Law Society](#), [The Law Society of Western Australia](#), [The Law Society of SA](#), [The ACT Law Society](#), and [The Law Society of NT](#).

Principal 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 in which foreign companies are not allowed to trade.

Trade 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 US 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 US 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 custombuilt 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. Resources: [USDA Commodity Credit Corporation](#)

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.

Most Australian imports from the US allow payment terms from 30-180 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.

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, and Australia's 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.

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 US 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 USD3.7 trillion in assets for almost 24 million Australian depositors, policyholders, and superannuation fund members (APRA).

US Banks & Local Correspondent Banks

Please see below for a list of American and Australian 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](#), [US Trade and Development Agency](#), [USDA Commodity Credit Corporation](#), [Westpac Banking Corporation](#)

Protecting Intellectual Property

In any foreign market, companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

Selling to the Public Sector

Selling to the Government

Australia's public procurement is estimated to account for 15-18% of GDP. Australian federal, state and local agencies remain significant purchasers of goods and services. Under the US 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 based on 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 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 US-made goods, it is still critical for US suppliers to establish a physical presence in the market to be able to address critical buying factors such as delivery and after sales service.

Financing of Projects

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. US 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% 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 US 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 US Government agencies, as well as state and local bodies, offer programs to assist US 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 US Government's trade finance agency, offers numerous programs to finance and facilitate US 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 US goods. The US Department of Agriculture offers a variety of programs to foster agricultural exports. The US Small Business Administration addresses the international trade needs of small US 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 US companies, to offer very competitive bids and performance qualifications.

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

Currently, due to COVID-19, Australia has imposed a 14-day quarantine on all incoming travelers when they arrive in Australia. For further State Department Travel Advisory information on Australia, please visit the [website](#).

Visa Requirements

Americans traveling to Australia for business and/or leisure must hold a valid US passport and either a visa or an Electronic Travel Authority (ETA). Information is available [here](#) or [here](#). For the location of the nearest Australian diplomatic facility, please refer to the [Department of Immigration and Border Protection 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](#).

[US Embassy in Australia](#)

U.S. Companies that require travel of foreign business persons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#)

Currency

Australia's local currency is the Australian Dollar. Credit cards are accepted throughout the country and ATM's are readily available. Additional currency information is available [here](#).

Telecommunications/Electronics

Australia's telecommunications infrastructure is well developed. Cell phone network coverage is available across Australia, however coverage may be limited in some remote areas. Australian telecommunications providers include: Telstra, Optus, and Vodafone. All the cell phone carriers run 4G networks. Telstra, Optus and Vodafone have started to activate 5G networks in limited areas around the country and will continue widespread expansion. 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. Adaptors can be purchased at airports or specific electronic stores.

Internet access is widely available at hotels, internet cafés and libraries. There are many Wi-Fi hotspots in the central business districts (CBDs) of the biggest cities.

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 have serviced the trans-pacific route including American Airlines, Delta Air Lines, Hawaiian Airlines, Qantas Airways, and United Airlines with flights departing from Los Angeles, San Francisco, Houston, Dallas/Fort Worth and Honolulu to Sydney, Melbourne and Brisbane. Please refer to airlines' websites for updated flight options, availability and information.

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, Virgin Australia, and Jetstar. 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 hours

New York to Sydney (via Los Angeles or San Francisco) - 21 hours

Dallas/Fort Worth to Sydney - 16 hours

Honolulu to Sydney - 9 hours

Tokyo to Sydney - 9 hours

Hong Kong to Sydney - 9 hours

Singapore to Sydney - 8 hours

Air Travel Times Within Australia

Sydney to Melbourne - 1 hour

Sydney to Brisbane - 1 hour

Sydney to Perth - 4 hours

Sydney to Canberra - 35 minutes

Sydney to Adelaide - 2 hours

Melbourne to Brisbane - 2 hours

Melbourne to Perth - 4 hours

Brisbane to Perth - 6 hours

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 & 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.

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 9:00am-4:00pm, Monday through Friday, with 24/7 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](#).

Investment Climate Statement

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption. These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State [Investment Climate Statement](#) website.

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 [Countries & Areas](#) website.

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