

EXPORTERS MUST PIVOT TO NEW MARKETS

FOR IMMEDIATE RELEASE

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Recent official Chinese messaging suggests that our bilateral relationship has now entered a new low. Without doubt, China's recent actions, including restrictions imposed on particular Australian exports, are deliberate. We suspect that the relationship has now changed in character for the foreseeable future. We advise Australian exporters to brace for a longer period of contention.

China has been a solid economic and trade partner. The trading relationship has been mutually beneficial. In 2019-2020, China represented 39% of all goods exported by Australia, representing more than A\$150 billion. We also imported nearly A\$81 billion.

But the situation we have come to is serious and regrettable. There is a risk a substantial portion of that trade will be lost. Based on the value of goods trade already targeted by Chinese restrictions (including wine, coal, and beef), we roughly calculated that it could cost Australia around A\$6.7 billion. If you add the loss of Chinese students and tourists that could balloon to \$18.2 billion.

More troublingly, China's actions are isolating us. We cannot expect other countries to align with us, as trade competitors provide the alternative products and services we can no longer deliver – our loss will be their gain.

Therefore, we encourage the Australian Government to do its utmost in finding a way to reinstate dialogue with its Chinese counterpart. In the meantime, we encourage exporters, especially small and medium sized exporters, to do more when considering which markets to do business with.

We encourage exporters to assess the risks much better, and to push harder to realise new opportunities. There will be opportunities, especially as new trade agreements come online, and as emerging economies develop further. Opportunities abound in the strong emerging economies of India, Indonesia, and Vietnam, in the mature economies of Japan, Korea, the EU and UK, as well as in the Middle East and Latin America.

Australian exporters are resilient, agile, and competitive. We are confident they can successfully pivot to new markets.

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