



Australian Government
Department of Foreign Affairs and Trade

BRIEF FOR MINISTER: WORLD ECONOMIC FORUM ANNUAL MEETING 2023

The logo for the World Economic Forum, consisting of the words "WORLD ECONOMIC FORUM" in a bold, sans-serif font, with a stylized arc below the text.

WORLD
ECONOMIC
FORUM



An opportunity to prosecute Australia's trade, investment and foreign policy priorities through the formal program, side events and bilateral engagements. Priorities are to advance Australia's strategic and trade interests in the World Trade Organisation (WTO) and advance Australia's EU-FTA engagement. On the margins, you [Assistant Minister Ayres] will co-host an E-commerce Joint Statement Initiative Ministerial, attend the annual WTO mini-Ministerial meeting, and pursue Australia's green economy and anti-harmful agriculture subsidies agendas.

Davos-Klosters, January 18th – 20th 2023

Front cover photo: World Economic Forum Annual Meeting 2022

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VISIT OVERVIEW

The World Economic Forum (WEF) Annual Meeting is the largest annual global gathering of business, government and civil society leaders. This year's theme 'Cooperation in a Fragmented World' will focus on how governments, businesses and civil society should collectively address systematic and interconnected global geo-economic, trade and environmental risks.

s33(a)(iii), s47C(1) and s47E(d)



s33(a)(iii), s47C(1) and s47E(d)



SUMMARY PROGRAM

Wednesday 18 January 2023

Local Time		Canberra Time
1555	Depart Dubai on Emirates Airlines flight EK85	
1950	Arrive Zurich <i>Met by: HOM Geneva WTO</i>	0550 (Thu)
2245	Arrive at <u>Davos Apartment</u>	0845 (Thu)

Thursday 19 January 2023

Local Time		Attendance	Canberra Time
0700	Australian Chief Scientist Dr. Cathy Foley <i>Venue: TBC</i>		
0745	Briefing with Australian delegation <i>Venue: TBC</i>		
0800	Media Interview with AFR s47F(1) <i>Venue: Temporary Office</i>	Mina, s47F(1) Baxter, Stuart	1800
0830	Bilateral Meeting with Vice Minister of Commerce and Deputy China International Trade Representative Mr Wang Shouwen, <i>Venue: Temporary Office, s47E(d)</i>	Mina, s47F(1), Baxter, Stuart	1830
0930	Bilateral Meeting with Brazilian Trade Secretary Sarquis <i>Venue: Temporary Office</i>	Mina, s47F(1) Baxter, s47F(1) (notetaker)	1930
1005	Meeting with Mr Andrew Lloyd, Vice President, Government and Policy Advocacy, Ericsson <i>Venue: Temporary Office, s47E(d)</i>	s47F(1) Baxter, s47F(1) (notetaker)	2005
1100	Bilateral Meeting with Mitsubishi Gas CEO Jun Nishizawa <i>Venue: Temporary Office</i>	s47F(1) Baxter, s47F(1) (notetaker)	2100
1145	Bilateral Meeting with Swedish Trade Minister Johan Forssell <i>Venue: Temporary Office</i>	s47F(1) Baxter, s47F(1) (notetaker)	2145
1230	World Economic Forum Trade and Investment Leadership Lunch <i>Venue: Kurpark</i>	Unaccompanied	2230

	s33(a)(iii) and 47C(1)		
1400	Informal Discussion with WTO Director General Okonjo-Iweala <i>Venue: Kurpark</i>	Unaccompanied	0000 (Fri)
1500	Trade and Climate Coalition Launch <i>Venue: Congress Centre</i>	Unaccompanied	0100 (Fri)
1630	Realising RCEP's Full Potential <i>Venue: Congress Centre</i>	Unaccompanied	0230 (Fri)

s33(a)(iii)

1745	Investment Facilitation for Development Joint State Initiative <i>Venue: Ice Village, Hockey Stadium</i>	Mina	0345 (Fri)
1845	Bilateral Meeting with USTR Tai <i>Venue: Temporary Office</i>	Mina, s47F(1) Baxter (notetaker)	0445 (Fri)
1930	Ottawa Group Dinner <i>Venue: Bundnerstube Room, Schweizerhof Hotel</i>	Unaccompanied	0530 (Fri)
2130	India Reception, Confederation of Indian Industry <i>Winter Garden Hall, Schweizerhof Hotel</i>	TBC	0730 (Fri)

Friday 20 January 2023

Local Time		Attendance	Canberra Time
0700	Depart for Morosani Schweizerhof Hotel, Davos		1700
0730 (0800 start)	E-commerce Joint Statement Initiative Ministerial (co-host) <i>Venue: Damoro Restaurant, Schweizerhof Hotel</i> s33(a)(iii) and 47C(1)	Mina, s47F(1) Baxter, Stuart	1830
0930	WTO Mini-Ministerial <i>Venue: Gartensaal I Room, Schweizerhof Hotel</i> s33(a)(iii) and 47C(1)	Accompanied by Mina or Baxter Listening Room: Mina or Baxter; s47F(1) or Stuart	1930
1245	Cairns Group Informal Discussion <i>Venue: Bundnerstube Room, Schweizerhof Hotel</i>	Mina, s47F(1)	2245
1345	Travel to Zurich Airport	Mina, s47F(1)	2345 (Sat)
1745	Depart Zurich on Swiss Airlines flight LX1732 to Rome	s47F(1) Baxter	0345 (Sat)

MEDIA MESSAGES

I am delighted to be the first Australian Minister to attend the World Economic Forum's (WEF) Annual Meeting event in Davos since 2020. My attendance is an opportunity to pursue Australia's trade and investment priorities with governments and business leaders, both at formal events and informal meetings in the margins of the forum.

I will meet WTO ministers from other countries and the leadership of international organisations to both defend and promote reform of the multilateral trade system to ensure it delivers for Australia, the region and broader world. Agricultural subsidies not only harm Australian exporters, but are also environmentally harmful and risk food security, and I will use my interactions to highlight their impact and the importance of their removal.

I will also press for conclusion of the Australia-EU trade agreement—one of the Government's highest trade policy priorities to help diversify our trade relationships, expand opportunities for Australian exporters, and support greater investment in Australia.

Davos is also an important opportunity to highlight Australia's commitment to climate action. I will be attending the inaugural launch of the Coalition of Trade Ministers on Climate and meet with private sector leaders to promote Australia's strong and stable economy and green credentials.

Meetings with international investors other government representatives will allow me to promote the opportunities for investment in Australia's clean energy and advanced manufacturing sectors. Foreign investment will provide the vital capital, capability and resources supporting our transition to net zero and support enabling Australia to become a renewable energy superpower.

DELEGATION LIST

Ministerial Party

Senator the Hon Tim Ayres
Assistant Minister for Trade

s47F(1)

Chief of Staff

Officials

H.E. George Mina

Ambassador and Permanent Representative to the WTO, Geneva

James Baxter

First Assistant Secretary, Office of Global Trade Negotiations



BILATERAL BRIEFS

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PEOPLE'S REPUBLIC OF CHINA: WANG SHOUWEN

Vice Minister, Ministry of Commerce

s33(a)(iii)

Talking Points

WTO

- Want to continue to work together, and with other Members, to ensure implementation of MC12 outcomes, particularly efforts to progress the WTO reform mandate.

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Chinese Economy

- China's ongoing prosperity and development are of great consequence for Australia and the world
s33(a)(iii), s47C(1) and s47E(d)

- Interested in views from Beijing on the outlook for the Chinese economy in the year ahead, following the move towards living with COVID.

Bilateral trade

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

If raised: timing of potential Trade Minister's trip to China

- Australia would welcome in person dialogue between Trade Ministers at an appropriate time.

s33(a)(iii), s47C(1) and s47E(d)

Background

WTO

s33(a)(iii), s47C(1) and s47E(d)

Australia and China are both members of the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), which provides an interim mechanism to finalise disputes that are subject to appeal with the WTO Appellate Body is not functioning. s33(a)(iii), s47C(1) and s47E(d)

Bilateral trade

s33(a)(iii)

As Prime Minister Albanese and President Xi observed at the G20 in Bali, Australia and China share deep economic complementarity and have had decades of mutually beneficial trade. China is Australia's largest trading partner (at \$285 billion in 2021-22, representing 27 per cent of

Australia's total two-way trade in goods and services). It is also an important investment partner—China ranked as Australia's sixth-largest source of foreign direct investment, with \$46.3 billion total stock in 2021 (an increase of 1.6 per cent year-on-year; 4.4 per cent of total investment).

s33(a)(iii), s47C(1) and s47E(d)

No new trade restrictive

measures against Australia have been applied since 2021.

s33(a)(iii), s47C(1) and s47E(d)

Despite these varied measures, China was again Australia's largest goods export destination in 2021-22 (at \$172 billion, up 3 per cent compared to 2020-21). China also remained Australia's largest goods import source in 2021-22 (at \$102 billion, up 16 per cent compared to 2020-21).

Australia is challenging China's duties on barley and bottled wine in ongoing WTO dispute settlement proceedings.

WTO Disputes

Barley (DS598)

On 18 May 2020, MofCom imposed combined duties of 80.5 per cent on imports of barley from Australia for a period of 5 years (comprising 73.6 per cent anti-dumping duty and 6.8 per cent countervailing duty). s33(a)(iii), s47C(1) and s47E(d)

Prior to the imposition of these duties, China was Australia's most valuable export market, worth about \$916 million in 2018-19 and \$551 million in 2019-20. s47C(1) and s47E(d)

Australia initiated WTO dispute settlement proceedings challenging China's duties on 16 December 2020. s33(a)(iii), s47C(1) and s47E(d)

Wine (DS602)

On 28 March 2021, MofCom imposed anti-dumping duties on imports of bottled wine from Australia ranging between 116.2 per cent and 218.4 per cent, varying according to exporter. The duties apply for a period of five years to bottled wine in containers of 2 litres or less, and do not apply to sparkling or fortified wine or bulk wine.

s33(a)(iii), s47C(1) and s47E(d)
s47C(1) and s47E(d)

s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Australia initiated WTO dispute settlement proceedings challenging China's duties on 22 June 2021. The parties have since filed two written submissions and participated in a first hearing. A second hearing is scheduled for 28 February to 1 March 2023. The Panel has indicated that it does not expect to issue its final report before the second half of 2023.

Certain Steel Products (DS603)

China is challenging Australia's anti-dumping and countervailing duties on certain Chinese steel products (i.e., railway wheels, wind towers and stainless-steel sinks). Railway wheels is the most recent of the three measures, with anti-dumping duties of 17.4 per cent imposed on imports of railway wheels from China on 17 July 2019. In relation to wind towers from China, anti-dumping duties of 15 to 15.6 per cent were originally imposed from on 16 April 2014 and continued from 17 April 2020. Both anti-dumping and countervailing duties were applied to stainless steel sinks imported from China at rates ranging from 0 to 60.2 per cent, originally on 27 March 2015 and as amended from 27 March 2020. s47C(1) and s47E(d)

On 24 June 2021, China initiated WTO dispute settlement proceedings challenging Australia's measures. Since that time, China and Australia have filed first written submissions. A first hearing is scheduled for 7 to 8 March 2023.

Mutually agreed solutions and suspension of proceedings

Under WTO dispute settlement rules, parties may reach a "mutually agreed solution" to settle their disputes at any time. While suspension of the proceedings is not necessary for a bilateral dialogue to take place aimed at reaching a mutually agreed solution, a complainant may request a panel to suspend its work for up to 12 months. If the work of a panel is suspended for more than 12 months, that panel's authority will lapse.

Chinese Economy

The World Bank's latest (January) forecasts for China, predict economic growth of 2.7 per cent for 2022, s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Biography

WANG Shouwen (王受文, Wáng Shòuwén)

Vice Minister, Ministry of Commerce (MofCom)

China



Form of Address: Vice Minister Wáng
s47C(1) and s47F(1)

s47C(1) and s47F(1)

s33(a)(iii) and 47C(1)

BRAZIL: SARQUIS JOSÉ BUAINAIN SARQUIS

Secretary of Foreign Trade and Economic Affairs

s33(a)(iii)

Talking Points

- Look forward to a successful and productive G20 program in Brazil in 2024.
- Convey our support to the Government of Brazil – important that the outcomes of democratic elections are respected
 - Australia values Brazil as an important economic partner
 - acknowledge impact of the COVID-19 pandemic on Brazil’s economy and pleased to see rebounding growth in 2022.
- Appreciate the priority the Lula administration places on regional integration, climate change and food security.
- Share your concerns about growing food insecurity as a result of climate change, Covid-19 economic disruption and conflict, including Russia’s invasion of Ukraine)
 - Australia’s approach to this growing issue has been to provide humanitarian assistance to countries most in need such as those in the Horn of Africa
 - provide financial and technical assistance to countries in our region to help build the long-term resilience of their food systems
 - and to advocate for open, transparent, and predictable agricultural trade.
- Appreciate Brazil’s support for implementing WTO MC12 outcomes, including efforts to progress the WTO reform mandate
 - Australia’s highest reform priority remains to achieve a fully functioning dispute settlement system as soon as possible

[REDACTED]

- want to continue to work closely with you under the US-led informal dispute settlement process, s33(a)(iii), s47C(1) and s47E(d)

- Essential to work together to update the WTO in other areas s33(a)(iii), s47C(1) and s47E(d)

- Crucial that the trade regime contributes to our global efforts to address climate and sustainability – trade will be critical to ensure a just transition

- looking forward to working closely with Brazil s33(a)(iii), 47C(1) and s47E(d) to progress outcomes in the Trade and Environmental Sustainability Structured discussions and the Dialogue on Plastic Pollution.

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

If raised: What does Australia see as a possible outcome on agricultural trade reform for MC13?

s33(a)(iii), s47C(1) and s47E(d)

- Building on our good collaboration, we will need calibrated diplomacy to drive the agenda, including with other Cairns Group members to progress a path that addresses current global trade realities.
- This will take time s33(a)(iii), s47C(1) and s47E(d)
- It will be important for us to take early opportunities to shape the next steps in the agricultural reform process.

Background

Brazil is a key economy in Latin America (the eighth largest economy in the world) It is one of Australia's largest trading partners in the region, with two-way trade in goods and services reaching \$3,632 million (2021). Brazil is Australia's largest export market in the region.

On 1 January 2023, President Lula da Silva was inaugurated as Brazil's 39th president.

s33(a)(iii), s47C(1) and s47E(d)

s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Sarquis is Brazil's G20

Sherpa.

s33(a)(iii), s47C(1) and s47E(d)



s33(a)(iii), s47C(1) and s47E(d)



Mr Sarquis José Buainain **SARQUIS**

s33(a)(iii) and 47C(1)

Secretary of Foreign Trade and Economic Affairs

BRAZIL



Form of Address: Your Excellency

s47C(1) and s47F(1)

Education: PhD and a MSc in Economics from the London School of Economics (LSE) and a BSc in Electronic Engineering from the Polytechnic School of Federal University of Rio de Janeiro (UFRJ).

Career

1997 – 2000 Embassy of Brazil, London

2001 – 2003 Embassy of Brazil, Berlin

2009 – 2014 Minister Counsellor for economic and OECD affairs at the Brazilian Embassy in Paris

2014 – 2017 Deputy Chief of Mission at the Embassy of Brazil, Tokyo

2018 - 2020 Vice-President, New Development Bank, Shanghai

2020 Secretary for Foreign Trade and Economic Affairs, Ministry of External Relations

s33(a)(iii) and 47C(1)

ERICSSON: ANDREW LLOYD

Vice President, Government and Policy Advocacy

s33(a)(iii), s47 and s47G(1)

Talking Points

- I acknowledge Ericsson's contribution to Australia's pioneering role in the development of 5G networks through its drive for innovation and its strong strategic partnership with Australian companies like Telstra.
 - The Australian Government looks forwards to continuing our engagement on 5G policy and the National Broadband Network (NBN).

s33(a)(iii) and s47G(1)

- The Government has set out an ambitious agenda for economic development in emerging and priority sectors, through the National Reconstruction Fund.
 - The Government has allocated significant funds for critical technologies and infrastructure – 5G may be considered a capability enhancing sector.
- The Government has endorsed the Tech Council of Australia's goal of reaching 1.2 million tech-related jobs by 2030.
- Under '*Getting to 1.2 million: our roadmap to create a thriving Australian tech workforce*', the Australian Government would act on its five calls for action:
 - (1) Increasing understanding and awareness of job opportunities
 - (2) Fixing gaps in education and training products and pathways
 - (3) Improving the diversity of the tech workforce
 - (4) Targeting skilled migration to areas of high need and greatest shortage
 - (5) Improving industry-level supply and demand analysis.

If raised: Australia – European Union Free Trade Agreement

- Australia aims to conclude a comprehensive and ambitious trade agreement with the EU as soon as possible
 - Leaders from both Australia and the EU have expressed their ambition to conclude the agreement by mid-2023.

Sensitivities and recent contact

s47C(1) and s47G(1)

- Emilio Romeo highlighted the potential role 5G technology could play in global efforts to reduce carbon emissions.
- Ericsson has called on the federal government to make 5G a core part of public infrastructure investment amid the evolution of Australia's industrial base.
- In interviews and social media posts, Ericsson has also highlighted the need to develop a sharper focus on the skills underpinning application of 5G from advanced manufacturing to logistics

s33(a)(iii), s47C(1), and 47G(1)

- You are meeting with Swedish Trade Minister Forssell on Thursday 19 January 2023.

s33(a)(iii), s47 and s47G(1)

Background

Established 1876, Ericsson has more than 100,000 employees worldwide. Its headquarters are in Stockholm, Sweden.

Ericsson Australia was established in 1923 and sells, installs and maintains telecommunications infrastructure equipment and provides support services for mobile, internet and fixed-line telecommunications providers. It exports to about 25 countries in Europe, South East Asia and the Pacific, often in support of Telstra.

Ericsson has developed a strategic partnership with Telstra over the past decades that has delivered more than 40 world-firsts over the past 10 years. Ericsson and Telstra partnered early on to pioneer 5G technology in Australia, working together in rolling-out what became the first live 5G network in the Southern Hemisphere. Their close collaboration has been a critical driver behind Australia's position as one of the global leaders in 5G deployments.

In December 2022, Australia's National Broadband Network Co's (NBN Co) and Ericsson announced a 10-year partnership to secure the supply of innovative, next-generation 5G technology that will deliver enhanced coverage and speed across the NBN fixed wireless access network. The partnership sees Ericsson become the sole supplier of 4G and 5G radio access and microwave transport solutions

Ericsson invests heavily in R&D and promotes open standards and systems. The company established an innovation centre in Melbourne end of 2018, to be used by startups, entrepreneurs, universities, partners and customers, with focus on technologies that leverage connectivity.

5G

Australia is a global leader in 5G roll-out to households and ranks number three globally in 5G connected devices on a per capita basis. We are Number 7 (out of 65 countries) for the most extensive 5G subscriber uptake, latency and speed.

There are 4,000 operational 5G base stations deployed as of 2021. By 2025 95 per cent of Australians will have 5G coverage

Earlier this year the Australian Mobile Telecommunications Association released a report it commissioned Deloitte to produce, which found 5G would provide \$67 billion in total productivity gains by 2030. This could increase by up to \$27 billion, or 40%, if the 5G uptake is accelerated.

The Government has set out an ambitious agenda for economic development in emerging and priority sectors, through the Whole of Government National Reconstruction Fund. The Government has allocated significant funds for critical technologies and infrastructure – 5G may be considered a capability enhancing sector.

In 2020 the former Government established the \$22.1 million Australian 5G Innovation Initiative (the Initiative) to support the demonstration of 5G use cases that showcase the productivity and growth boosting applications of 5G, across a range of industry sectors and locations. [*This Initiative was cancelled by the current Government*].

Biography

Andrew LLOYD

Vice President, Head of Government and Policy Advocacy

SWEDEN / ERICSSON



Form of Address: Mr

s47C(1) and s47F(1)

Education: London Business School & Columbia Business School (MBA)

University of London (BSc in Financial Economics)

Career:

- 2021 – Present Vice President and Head of Government and Industrial Relations, Ericsson
- 2014-2021 Vice President Global Politics and Public Affairs, Equinor
- 2012-2014 Vice President Communication, Global Strategy and Business Development, Statoil
- 2010-2012 British High Commissioner to Nigeria
- 2006-2008 Foreign Office Director for Africa

s47C(1) and s47F(1)

MITSUBISHI GAS: JUN NISHIZAWA

Mitsubishi Corporation, Group CEO, Natural Gas Group

s33(a)(iii), s47 and s47G(1)

Talking Points

- Australia is committed to remaining a reliable trade and investment partner for Japan, especially in the resources and energy sector which is crucial to both countries.
 - Australia will remain a reliable supplier of energy to Japan over the long-term.
- Acknowledge Mitsubishi's significant contribution to the Australian economy through your broad commercial interests in Australia, including LNG projects in Western Australia.
- The Australian Government is supportive of Mitsubishi's investments and encourages the expansion and diversification of Mitsubishi's business operations and investments into Australia.
- The Australian Government has set an ambition to become a renewable energy superpower.
 - Australia looks forward to working closely with Japan on energy transition, including looking for new initiatives under our Partnership on Decarbonisation through Technology.
- Australia has all the key ingredients to be a world leader in hydrogen – a strong record as an energy exporter, technology, abundant land and energy resources, and carbon storage reserves.
- The Government appreciates the development of CCS projects is a viable pathway for the realisation of the Australia-Japan hydrogen supply chain.
 - The issuance of two greenhouse gas storage permits for the Bonaparte Basin and Browse Basin CCS projects in August 2022 are examples of positive support for the sector.

- In the October 2022 budget, the Government also allocated \$114.1m to implement the Carbon Capture Technologies (CCT) program over the next 9 years.
- Australia's National Hydrogen Strategy supports the production and export of both green and blue hydrogen. [*Blue hydrogen is defined as hydrogen produced from gas or coal with significant carbon capture and storage*]
- Hydrogen exports from Australia to Japan are a key priority for both our countries and an important contributor to the development of a vibrant hydrogen industry.
 - The Hydrogen Energy Supply Chain project, which has already conducted a trial shipment of liquid hydrogen from Victoria to Japan, is a prime example.
- I welcome your views on areas for greater collaboration, and any barriers you are encountering that might limit our respective commercial ambitions.
 - We will continue to consult on substantive policy changes that may impact major Japanese investments in Australia.

s33(a)(iii), s47C(1) and s47E(d)



s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47G(1)



Background

Mitsubishi Corporation is Japan's largest trading and investment house (also known as a *keiretsu* – a distinct large Japanese business group).

Mitsubishi Australia was established in 1956, with Australia currently the largest overseas investment destination for Mitsubishi Corporation. Mitsubishi Corporation is consistently one of Australia's top ten largest corporate taxpayers and recently the largest corporate taxpayer among all Japanese investors.

Mitsubishi Australia's businesses span across a broad range of fields including natural gas, mineral resources (including coal), industrial materials, automotive, food and consumer industries, power solutions, and urban development.

Mitsubishi's Natural Gas Group is one of 11 divisions under the Mitsubishi Corporation umbrella. It operates largely in North America, Southeast Asia and Australia. Its Australian operations focus mainly on Western Australia.

Mitsubishi's current investments in Australia include a 50 per cent shareholding in the BHP Mitsubishi Alliance, operating in Queensland, as well as interests in three LNG projects in Western Australia, including the Northwest Shelf, Wheatstone, and Browse.

Mitsubishi is the sole owner of Queensland's Cape Flattery Silica Mines – a world class producer of silica sand and owns an interest in Boyne Smelters and the Gladstone Power Station.

Mitsubishi acquired a 40 per cent share in Australian Integrated Carbon in 2021 with access to a generator of quality carbon credits.

s33(a)(iii), s47 and s47G(1)

s33(a)(iii), s4C(1) and s47G(1)

The Australian Domestic Gas Security Mechanism (ADGSM)

The Australian Domestic Gas Security Mechanism (ADGSM) is a mechanism which the Minister for Resources may activate to manage exports of Australian gas in the event of a domestic gas supply shortfall. On 25 October the Government announced it had concluded its review of the ADGSM and that, commencing 1 April 2023, it would be reformed to:

- introduce measures to protect long-term foundational contracts
- improve its flexibility to respond to forecast domestic shortfalls by moving to quarterly consideration of the domestic supply-demand balance, and
- ensure sufficient gas is supplied to the domestic market.

QLD's increased coal royalties

On 22 June, Queensland Treasurer Cameron Dick announced a new royalty structure for Queensland coal projects, which came into effect on 1 July 2022. The new scheme added three new tiers to the royalty system. The change follows a 10-year royalty freeze for coal royalties. s33(a)(iii), s33(b) and s47C(1)

Partnership on Decarbonisation through Technology

Australia and Japan are working together to achieve a net zero emissions future through the Japan-Australia Partnership on Decarbonisation through Technology. The partnership is advancing cooperation in a range of areas, including clean hydrogen and ammonia, and low emissions steel and iron ore. Under the partnership, Australia and Japan will provide financial support to advance initiatives in these sectors. The partnership builds on our already strong cooperation through initiatives and statements such as the Hydrogen Energy Supply Chain (HESC), the Japan-Australia Energy and Resources Dialogue (JAERD) and the Australia-Japan Joint Statement of Cooperation on Hydrogen and Fuel Cells.

Biography

<p>Jun <u>NISHIZAWA</u> s47C(1)</p> <p>Group CEO, Natural Gas Group</p> <p>JAPAN / MITSUBISHI CORPORATION</p>			
	<p>Form of Address: Mr</p> <p>s47C(1) and s47F(1)</p>	<p>Education: Aoyama Gakuin University, Faculty of Law (1986)</p> <p>Harvard Business School Advanced Management Program (2014)</p>	
	<p>Career:</p> <p>2019 – Present Executive Vice President, Group CEO, Natural Gas Group</p> <p>2016-2019 Senior Vice President, Deputy Division COO, Natural Gas Business Div.</p> <p>2009-2016 Various GM roles, Natural Gas Business Div.</p> <p>s47C(1) and s47F(1)</p>		

[REDACTED]

SWEDEN: JOHAN FORSSELL

Minister for International Development Cooperation and Foreign Trade
s33(a)(iii)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Biography

Johan <u>FORSELL</u> Minister for International Development Cooperation and Foreign Trade SWEDEN		
	Form of Address: Minister s33(a)(iii) and 47C(1) s47C(1) and s47F(1)	
	Education: M.Sc. in Economics and Business Administration, Stockholm School of Economics B.Sc. in Economics, Stockholm School of Economics	
	Twitter: @JohanForsell	
Career: 2022- 2021- 2010-2022 2007-2010 2006-2007	Minister for International Development Cooperation and Foreign Trade Chair of the Moderate Party, City of Stockholm Member of Parliament, Moderate Party Director of Planning, Moderate Party Chief of Staff, Prime Minister's Office	

s33(a)(iii) and 47C(1)

REPUBLIC OF KOREA: AHN DUK-GEUN

Minister for Trade

s33(a)(iii)

Talking Points

Icebreaker

- Do you have any plans with your family for the Lunar New Year?

Key Points

- Congratulations on the release of the ROK's first Indo-Pacific Strategy in December
 - pleased to see Australia was cited as a key security, economic and development partner
 - interested to hear how the ROK intends to progress the economic elements of the Strategy
 - look forward to working with you to implement the Strategy.
- Crucial to ensure implementation of MC12 outcomes, particularly efforts to progress the WTO reform mandate.
- Australia's highest WTO reform priority is to achieve a fully functioning dispute settlement system by 2024, in line with the MC12 mandate
 - the effective and timely enforceability of trade rules is an essential part of the toolkit that Australia and other Members rely upon.
- We encourage the ROK to join the MPIA as the best available interim solution to fully protect and enforce its rights under WTO Agreements, while we work to achieve a fully functioning dispute settlement system
 - MPIA ensures Members can exercise their right to binding resolution of trade disputes in the absence of a functioning WTO Appellate Body
 - expanding the MPIA will ensure more trade disputes can be finalised in the event of appeal

s33(a)(iii), s47C(1) and s47E(d)

- We will also need to intensify our engagement in efforts to update the WTO rulebook
 - the successful conclusion of the Fisheries Subsidies Agreement demonstrated the WTO can respond to modern challenges
 - making further headway will require innovative new approaches to rule-making
 - » to chart a new course for progress on agricultural reform.
- Australia remains committed to being a reliable energy trade and investment partner for the ROK
 - supplying traditional and emerging energy solutions to the ROK as both countries transition to a clean energy future.
- There is scope to strengthen our trade and economic relationship through an upgrade of the Korea Australia Free Trade Agreement (KAFTA) to reflect new and emerging areas such as digital trade and the green economy.

s33(a)(iii), s47C(1) and s47E(d)

If raised: Australian Domestic Gas Security Mechanism (ADGSM)

- The reforms have been brought forward from their original date and will now commence on 1 April 2023.
- The Australian Government will continue to consult companies subject to the ADGSM, international trade partners and market bodies on the new regulations and guidelines to implement these reforms.

If raised: Regional Comprehensive Economic Partnership Agreement (RCEP)

- As Australia will be the non-ASEAN Co-Chair of the RCEP Joint Committee in 2023, we look forward to continuing to work closely with the ROK s33(a)(iii) and s33(b)
 - full implementation of RCEP will help to ensure that RCEP remains an ASEAN-centred agreement that bolsters our region’s economic architecture and rules-based order.

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Background

In 2021-22, the ROK was Australia's fourth-largest trading partner (accounting for A\$39.5 billion) and Australia’s third-largest export market (accounting for \$28.4 billion). The trade relationship is complementary, with Australia’s major exports including iron ore, coal, natural gas and beef, and its major imports from the ROK including cars and refined petroleum.

In the WTO, the ROK s33(a)(iii), s47C(1) and s47E(d) participates in a range of new and emerging initiatives. These include plurilateral initiatives on e-commerce, investment facilitation and services domestic regulation, as well as structured discussions on trade and environmental sustainability and the informal dialogue on plastics pollution.

ROK’s Indo-Pacific Strategy

The ROK’s first Indo-Pacific Strategy was launched on 28 December in Seoul and is a roadmap for the ROK to take a greater leadership role in the region. It aligns with Australia’s approach to the region, focusing on upholding the rules-based international order, deepening bilateral and multilateral cooperation and focusing on key partnerships including with the US, Japan, ASEAN and Australia. The strategy focuses on ‘core lines of effort’ for implementation including comprehensive strategic cooperation; economic security networks; climate and energy security;

tailored development cooperation partnerships; and promoting understanding and exchanges. Australia is cited seven times, described as a like-minded security, economic and development partner, and features in two key mini-laterals for implementation of the strategy.

Multi-Party Interim Appeal Arbitration Arrangement (MPIA)

The MPIA provides an interim mechanism for Australia and other participants (including the EU and China) to finalise disputes that are subject to appeal while the WTO's Appellate Body is not functioning. The value of the MPIA has grown s33(a)(iii), s47C(1) and s47E(d)

During your [Assistant Minister Ayres] meeting in Siem Reap on 18 September 2022, Minister Ahn suggested that the bilateral relationship could be deepened through an upgrade of KAFTA. s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s33(b) and s47C(1)

s33(a)(iii), s47C(1) and s47E(d)

Biography

AHN Duk-geun s33(a)(iii) and s47C(1)

Minister for Trade
REPUBLIC OF KOREA



Form of Address: Minister
s47C(1) and s47F(1)

Education: JD University of Michigan Law School; PhD in Economics, University of Michigan; BA International Economics SNU

Twitter handle: N/A

Career:

May 2022-	Minister for Trade, Ministry of Trade, Industry and Energy (MOTIE)
2005-2022	Professor, Seoul National University
2019	Chair, CPTPP Strategic Forum; President of International Society of Fair Trade; Vice President of Korean Association of Trade and Industry Studies
2018	Special Trade Policy Advisor to MOTIE Minister
2017	Chair, TBT Policy Advisory Council, Korean Agency for Technology and Standards
2015	Chair, TPP Strategic Forum
2014	Member, Committee for International Development Cooperation
2013	Member of National Economic Advisory Council; Member of University

s33(a)(iii) and s47C(1)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

[REDACTED]

UNITED STATES: KATHERINE TAI

United States Trade Representative

s33(a)(iii)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Biography

Katherine TAI

United States Trade Representative

UNITED STATES OF AMERICA



Form of Address:

s47C(1) and s47F(1)

Education:

Social media

Ambassador
s47C(1) and s47F(1)

BA (Arts), Yale University; Juris Doctor, Harvard Law School

@USTradeRep on Facebook and Instagram

Career:

2021-	United States Trade Representative
2017-2021	Chief Trade Counsel, Committee on Ways and Means
2014-2017	Trade Counsel, Committee on Ways and Means
2007-2014	Associate General Counsel and Chief Counsel for China Trade Enforcement, USTR Office of the General Counsel

s33(a)(iii) and s47C(1)

JAPAN: NISHIMURA YASUTOSHI

Minister of Economy, Trade and Industry

s33(a)(iii)

s33(a)(iii), s47C(1) and s47E(d)

Talking Points

Key points

- Pleased s33(a)(iii) and s33(b) to have joined you and Trade Minister Farrell virtually for the **Ministerial Economic Dialogue** in Tokyo last year [October 2022].
- Our relationship with Japan is closer and more important than ever
 - underpinned by significant trade and investment links, strong defence and security ties, and a deep affinity between our people.
- Keen to continue the momentum in **implementing the ambitious agenda** agreed by Prime Ministers Albanese and Kishida in October last year [22 October in Perth]
- 2023 is an important year for our **Indo-Pacific agenda** with Japan G7 chair, Australia Quad chair, India G20 chair and US APEC chair
- Australia would **welcome being invited as an outreach country to the G7** this year to support Japan's priorities, including in the Trade Track.

s33(a)(iii), s47C(1) and s47E(d)

CPTPP

- Pleased Australia and Japan have a strong working relationship in the CPTPP.
s33(a)(iii), s47C(1) and s47E(d)

Indo-Pacific Economic Framework (IPEF)

- Australia was pleased to host the first round of negotiations for the IPEF in Brisbane (10 – 15 December 2022)
s33(a)(iii), s47C(1) and s47E(d)

Japan-Australia Economic Partnership Agreement (JAEPA)

- The JAEPA is the central pillar of our bilateral trade and investment relationship
s33(a)(iii), s47C(1) and s47E(d)
s33(a)(iii) and s33(b)

Energy

- Australia remains committed to being a reliable and secure source of energy exports
s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Background



In 2021-22, Japan was Australia's **second**-largest trading partner (two-way goods and services trade valued at AUD117.2 billion), **second**-largest export market (valued at AUD92.8 billion), and in 2021 was the **second**-largest source of foreign direct investment (valued at AUD133.8 billion).

s33(a)(iii), s47C(1) and s47E(d)

G7

Australia was invited as a G7 outreach country in 2019 (France chair), 2020 (US chair) and 2021 (UK chair). s33(a)(iii), s47C(1) and s47E(d)

Biography

<p><u>NISHIMURA Yasutoshi</u> s33(a)(iii) and 47C(1) Minister of Economy, Trade and Industry JAPAN</p>		
	<p>Form of Address: s47C(1) and s47F(1)</p> <p>Education:</p> <p>Twitter handle:</p>	<p>Minister</p> <p>Law, University of Tokyo</p> <p>@METI JPN</p>
<p>Career:</p> <p>Aug 2022- Minister of Economy, Trade and Industry (Kishida Cabinet)</p> <p>2020-21 Minister in Charge of Coronavirus Response (Abe and Suga Cabinets)</p> <p>2019-21 Minister for Economic Revitalisation (Abe and Suga Cabinets)</p> <p>2017-19 Deputy Chief Cabinet Secretary (Abe Cabinet)</p> <p>2016-17 Special Assistant to the Liberal Democratic Party (LDP) President</p> <p>2016 Chair, Committee on the Cabinet, House of Representatives (HOR)</p> <p>2012-14 Senior Vice-Minister of the Cabinet Office</p> <p>2008-09 Parliamentary Secretary for Foreign Affairs</p> <p>2003 Elected to the HOR (currently serving his seventh term)</p>		

s33(a)(iii) and 47C(1)

EUROPEAN COMMISSION: MICHAEL HAGER

Head of Cabinet of Executive Vice President Dombrovskis

s33(a)(iii)

s33(a)(iii) and 4/C(1)

Key points

- Pleas Executive Vice President Dombrovskis and Trade Minister Farrell were able to have a substantive meeting in Brussels on 7 December

s33(a)(iii) and s47C(1)

- we are looking at high-level events in Australia that would maximise his time in Australia.

s33(a)(iii) and s47C(1)

- Australia's Prime Minister and the EU Presidents have said it is a priority
- we are like-minded on Ukraine, climate change, and diversifying our trade.
- There are strong economic and strategic reasons for concluding this agreement
 - Australia can help supply the critical energy and raw materials the EU needs for your green transition and independence from Russian fossil fuels.
- We want to make the Trade and Sustainable Development chapter the most ambitious Australia has ever done in a trade agreement
 - negotiators are working through the technical details, including dispute settlement
 - I'm confident an acceptable outcome for both sides can be achieved.
- We are serious about concluding a deal, so we continue to engage the EU on its negotiating priorities

s33(a)(iii), s47C(1) and s47E(d)

- we are looking forward to hosting the EU team for Round 14 negotiations in Australia
 - » and making substantive progress across the agreement.

s33(a)(iii), s47C(1) and s47E(d)

- We're committed to finding a way through, and the next step is for officials to intensify negotiations and discussions.
- On the **WTO**, Australia's highest reform priority remains the achievement of a fully functioning dispute settlement system as soon as possible

s33(a)(iii), s47C(1) and s47E(d)

- Value our cooperation with the EU to update the WTO rulebook

s33(a)(iii), s47C(1) and s47E(d)

- We need to s47C(1) and s47E(d) to focus on contemporary challenges – particularly food security s33(a)(iii), s47C(1) and s47E(d)

– keen to work closely with the EU to identify and pursue pathways to reform s47C(1) and s47E(d)
s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii)

[REDACTED]

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Background

s33(a)(iii), s47C(1) and s47E(d)

China

In a recent speech to an EU-China Business Association luncheon, Dombrovskis highlighted that the EU was “now a very important export market for China”, adding that EU imports from China grew from EUR 375 billion in the January to October period in 2021, to EUR 526 billion in the same period in 2022. Dombrovskis said that every decision and policy choice the EU made was driven by its commitment to support Ukraine. s33(a)(iii) and s33(b)

Michael HAGER

Head of Cabinet of Executive Vice President Dombrovskis, European
Commissioner for Trade



EUROPEAN UNION



Form of Address: Mr

s33(a)(iii) and s47C(1)

s47C(1) and s47F(1)

Education: Politics and Sinology, Eberhard Karls University of
Tübingen

Twitter handle: @michaelhagerEU

Career:

- | | |
|-----------|---|
| 2019-2020 | Head of Cabinet of Executive Vice President Dombrovskis,
European Commissioner for Trade |
| 2017-2019 | Head of Cabinet of EU Commissioner for Budget and Human
Resources, Günther H. Oettinger |
| 2014-2017 | Head of Cabinet of EU Commissioner for Digital Economy and
Society, Günther H. Oettinger |
| 2013-2014 | Head of Cabinet of EU Commissioner for Energy, Günther H.
Oettinger |

s33(a)(iii) and s47C(1)

EVENT AND MULTILATERAL BRIEFS

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WEF TRADE AND INVESTMENT LEADERSHIP LUNCH

<p>Time and Place Thursday 19 January 12:30pm-2:00pm Kurpark Village</p>	<p>s33(a)(iii) and s47C(1)</p> <p>Trade Ministers of the United Kingdom, Korea, Saudi Arabia, Kenya, UAE, Japan, New Zealand, Cambodia, the Philippines, Ecuador, Netherlands Malaysia, Zambia and Zimbabwe.</p>
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s33(a)(iii), s47C(1) and s47E(d)

Handling Note

The list of participants and seating arrangements will be finalised shortly before the event. Geneva WTO Post will provide this information in Davos.

You will be assigned to a table where a CEO Co-Chair will facilitate discussions over lunch.

This is a closed session with no media participation.

s33(a)(iii) and s47C(1)

s33(a)(iii)

Talking Points

If raised: Maintaining open and resilient trade and investment in the face of challenges

- A well-functioning, rules-based multilateral trading system, underpinned by the WTO, is fundamental to supply chain resilience
 - free and open trade gives businesses the option to diversify their markets and suppliers and enables them to better adapt when disruptions occur.
- Governments have an important role to play in supporting businesses to be able to diversify trade, including
 - keeping trade flowing and working with partners to address shortages and blockages as they arise
 - supporting open and rules-based global trade, and
 - supporting business access to markets by removing trade barriers including through trade agreements.

If raised: Easing physical, digital and investment flows

- The digital flow of data across borders underpins the continued growth of the global digital economy
s33(a)(iii), s47C(1) and s47E(d)
- The WTO e-commerce JSI is a key trade priority for Australia, and we are committed to its expeditious conclusion
s33(a)(iii), s47C(1) and s47E(d)

If raised: Ensuring sustainable and inclusive outcomes

- Australia encourages active consideration of the needs of developing countries and least developed countries (LDC) in relation to trade and investment
 - recommend taking a demand-driven approach to supporting countries sustainably build the capacity and infrastructure to trade and access international markets.
- We want all countries to be able to engage in the global multilateral rules-based trading system and realise the benefits of trade and investment as a vehicle to economic recovery and resilience
 - this is also especially important for micro, small and medium enterprises (MSMEs), young people, and women traders as key drivers of economic growth.

Background

Maintaining open and resilient trade and investment in the face of challenges

Openness to international trade and investment is central to Australia's economic success story. Our economy proved resilient throughout the COVID-19 pandemic on the back of consistently strong exports, as well as sound macroeconomic fundamentals and conducive monetary policy. The relaxation of border controls should continue to support a recovery in services trade even as global growth slows and cost of living pressures persist.

s33(a)(iii) and s47C(1)

Of the \$282 billion worth of two-way goods and services trade with China in 2021, only \$21 billion in exports was affected by China's trade blockages.

In aggregate, the \$21 billion fall in the total value of targeted exports to China between 2019 (before China imposed any blockages) and 2021, was almost completely offset by a \$20.5 billion increase in the exports of those same goods to other markets over the same period.

s33(a)(iii) and s47C(1)

Easing physical, digital and investment flows

Australia along with Co-Convenors Japan and Singapore leads the WTO Joint Statement Initiative on E-Commerce (JSI), a plurilateral to establish the first global digital trade rules. 87 WTO members participate in the negotiation, which covers 90 per cent of global trade.

Ensuring sustainable and inclusive outcomes

An improved trading situation for vulnerable countries has the potential to transform millions of lives through better jobs and stronger economies. That is why trade is an essential element of the Doha Programme of Action for LDCs for the decade 2022-2031. Australia's Aid for trade efforts are focused on trade facilitation and reducing trade costs, as well as helping micro, small and medium enterprises access global value chains and advancing the economic empowerment of women through trade.

Australia (with other partners) funds a range of programs to assist developing countries and LDCs and realise the opportunities stemming from the rules-based multilateral trading system. For example, through the World Bank's Trade Facilitation Support Program (\$11.6 million, 2014-23), the Government is working to improve access for Pacific islands women to international trade. The Standards and Trade Development Facility (\$4.9 million, 2017-24) is the means through which the Government is building the capacity of developing countries, including those in the Pacific, to implement international sanitary and phytosanitary standards to enable them to access agriculture export markets.

World Economic Forum Annual Meeting 2023 Trade and Investment

LEADERSHIP LUNCH AGENDA AND SESSION STRUCTURE

Times and locations indicated are subject to change – please check online

Trade and Investment Leadership Lunch

Thursday 19th January 12:30 - 14:00
Kurpark Village, Mönch

This lunch session convenes leading CEOs and ministers to set directions for trade and investment in 2023.

On the agenda:

- Maintaining open and resilient trade and investment in the face of challenges
- Easing physical, digital and investment flows
- Ensuring sustainable and inclusive outcomes

Participation

Approximately 30 leading CEOs and Ministers.
Participation in the leadership meeting is by invitation only.
CEO Co-Chairs will act as Table Hosts.

Format

The Leadership meeting is a roundtable session that takes place over lunch.
All participants are expected to contribute equally to the discussion.

Briefing and Notes

A short (1-2 page) briefing on key issues, community activities and proposals will be available on topline in advance
A short report will be made of the session outcomes, without identifying speakers. Reporting press are not allowed.

SESSION FLOW

Introduction & Briefing (3 minutes)

The facilitator will open the session by welcoming participants and framing the objectives.
Participants will be reminded of trade and investment community activities over the past year.

Remarks (27 minutes)

Several participants will make brief comments on key issues to spark the conversation on key topics.

Table Discussions (30 minutes)

Participants will discuss trade and investment priorities and suggestions for public-private collaboration.

Highlights and Reactions (20 minutes)

Table Hosts and other participants will offer brief reactions to the discussions.

Way forward (10 minutes)

The facilitator will extract the key insights and proposals for group comment and agreement.

THIS SESSION STRUCTURE IS PRELIMINARY

Responsible Globalization Trade & Investment Statement 2023



For Consideration

International trade and investment are at record levels but the prospects for continued global economic cooperation are uncertain.

Amid technological and environmental transformation, long-standing views on the role of the state in the economy are being upended.

Concerns around national security are leading to new restrictions on trade and investment.

A welcome focus on the labour and inclusivity outcomes of trade and investment is yet to deliver sustainable supply chains at scale or a complementary focus on domestic reform.

The threatened fragmentation of global value chains, adding new costs and restricting innovation, could worsen a slowdown in global growth.

Yet, done right, a diversification and reconfiguration of global commerce could boost growth and development and help us tackle the climate challenge.

Going forward, business and government must work towards:

- Re-Globalization: A re-globalization that allows a larger role for developing nations, thereby strengthening global resilience through diversity,
- DevTech: A technology-enabled push to facilitate trade, investment and services as a tool for development,
- Principles for intervention: Analysis, dialogue and agreement on broad principles for the use of subsidies and state intervention,
- Environmental and social reinforcement: Regulatory reinforcement of environmental and social objectives as goals of the trade and investment system,
- Good-faith cooperation: Re-engagement in global cooperation, characterized by commitment to transparent deliberation and respect for agreements.

World Economic Forum

Trade & Investment Platform



2023 COMMUNITY BRIEFING

The trade and investment community brings over 125 leading global companies together with economic policymakers from around the world. It fosters structured exchange on challenges to resilient, sustainable, and inclusive trade and deploys a mixture of private and public funding in global, regional, and national initiatives and working-groups to drive impactful reform.

A leadership group meeting in Davos reviews priorities and sets high-level directions for year-round work.

Ensuring open and resilient markets

Global situation: Geopolitical tensions and new industrial policies, partially driven by responses to digital, health and climate shocks, threaten costly economic fragmentation. Global governance frameworks are providing only limited response.

Work delivered: A [CEO call to action](#) ahead of the June 2022 WTO Ministerial focused on practical, shared progress in policy making. Building on key reports on [Conflict, sanctions and the future of world trade](#) and [Industrial Policy and International Competition](#) a series of community calls have initiated analysis to inform a balanced narrative on the risks of economic decoupling.

The [World Investment for Development Alliance \(WIDA\)](#) was launched at the Forum's Annual Meeting in Davos in May, bringing leading organizations to formally [collaborate on investment](#). Joint high-level roundtables were held for the [Caribbean, Asia Pacific, Africa](#), and [Middle East and North Africa](#) regions to help build support for Investment for Development, with technical discussion on optimizing [national and sub-national cooperation](#), [support for outward FDI, FDI and climate goals](#), and on [responsible business conduct and gender](#). In-country projects to increase the quantity and quality of investment concluded in Cambodia, Ghana, [India](#), and [Kenya](#) helping deliver, for example, a [Supplier database with sustainability dimensions \(SD2\)](#). Together with the Digital Cooperation Organization, the community launched the [Digital FDI Initiative](#) to support 'digital friendly' investment climates.

Immediate challenges: Business remains reluctant to be openly vocal about nationalistic economic policy and rent-seeking risks. An effective narrative around joint responses to common global challenges needs to be developed.

Easing physical and digital flows

Global situation: Facilitative reforms remain a primary way to boost trade, investment and financial flows. Trade technology can deliver significant reductions to cost, risk and uncertainty if it can be effectively deployed worldwide.

Work delivered: The [Global Alliance for Trade Facilitation](#) has 30 country projects delivered or underway. Through cutting red tape and delays at borders, the Alliance has provided cost savings of USD 59.8 million to date. Projects have an average return on investment of over 600%, highlighting the significant value of delivering targeted trade facilitation reforms. Significant examples are the [digitisation of Morocco's phytosanitary certificates](#) and the [modernisation of Tunisia's custom clearance procedures](#). USD 11 million of in-kind private sector contributions have supported 700+ local SMEs and 400 chambers of commerce and business associations to provide crucial industry expertise. The activities support inclusive economic growth and poverty reduction, particularly in [least developed countries](#) and among [SMEs](#) and [women-owned businesses](#).

Together with the WTO, the TradeTech community prepared a report on [policy approaches to harness trade digitalization](#). The [Digital Economy Agreement Leadership \(DEAL\) Group](#) works on the future architecture of digital economy partnerships. In support, the [Digital Payments Advisory Committee](#) has been working to drive [regulatory interoperability](#) across jurisdictions, with a focus on [accelerating](#)

[digital payments in Latin America and the Caribbean](#). In response to the trade finance gap, a high-level community on Trade Finance is being established.

Immediate challenges: Having deployed around USD 70 million since 2015, the Global Alliance for Trade Facilitation, urgently needs new funding to continue to drive essential reforms across Africa, Latin America and South Asia. Funding is also needed for other programs.

Supporting equitable and sustainable value chains

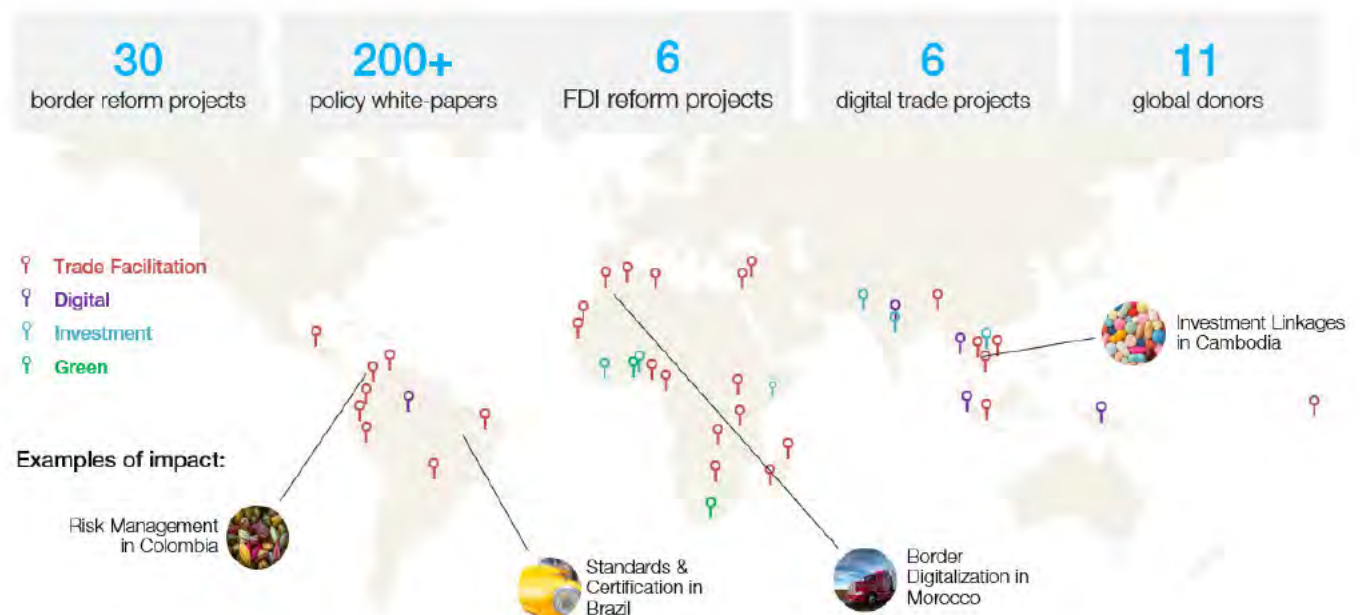
Global situation: Trade and investment policy and climate action are insufficiently aligned. Lack of trust is harming efforts to support labour rights and social inclusion through supply chains.

Work delivered: The Climate Trade community highlighted the key [goods and services for climate-trade focus](#). Work has started to support countries on their individual needs and priorities including to facilitate “climate FDI”.

On circular trade, a partnership with South Africa delivered new thinking on [trade policies for tackling plastic pollution](#) and the community also reported on [border clearance challenges for e-waste trade](#). Leading supply chain firms pooled insight on [supply chain sustainability](#) developments, sparking the launch of an [accelerator programme](#) for start-ups focused on supply chain sustainability innovations.

The Inclusive Trade project aims to improve the [societal impacts](#) of trade. The Trade and Labour programme aims to improve and align trade mechanisms for better outcomes for workers. The Trade and Indigenous Peoples programme is an Indigenous-led initiative to highlight trade policies and initiatives that [improve access to the benefits of trade for Indigenous communities](#).

Immediate challenges: Business commitments have helped create momentum in the climate response. Similar leadership is needed to reorient societal perspectives towards sustainable and inclusive trade and investment for growth and development.



INFORMAL DISCUSSION WITH WTO DIRECTOR GENERAL

Time and Place

Thursday, 19 January
2023, 2pm – 3pm,
Kurpark, Mönch

s33(a)(iii) and s47C(1)

s33(a)(iii), s47C(1) and s47E(d)

Handling note

Dr Okonjo-Iweala will chair this meeting, which has no formal agenda at this stage. s47C(1)

limited to Ministers (no plus-ones).

Attendance will likely be

Dr Okonjo-Iweala is expecting around 30 Ministers to attend [final attendance TBC]. s33(a)(iii) and s47C(1)

more information regarding the meeting on the ground.

We will continue to gather

You may wish to draw on the below points on our proposed way forward for the year ahead.

s33(a)(iii)

Key Points

- We need to be relevant to the context we're in
 - a global trading system under serious pressure
 - food security challenges facing many parts of the world
 - and the urgent global challenge of climate change.
- At the same time we need to avoid overloading the MC13 agenda

s47C(1) and s47E(d)

- achieving a fully functioning dispute settlement system by 2024, which will require flexibility and pragmatism from all of us.
- a package on food security that deals with the immediate crisis in basic foodstuffs such as grains and pulses
- developing a shared vision to reforming WTO rules on agriculture, including on subsidies, so that those strengthen food security and sustainability longer-term
- securing progress in the second wave of Fisheries Subsidies Negotiations.

- The WTO can't be missing in action on the climate challenge

s33(a)(iii), s47C(1) and s47E(d)

- Australia will approach the agenda with flexibility and pragmatism
 - since MC12, we have shown a willingness to explore new ways to approach even our strongest interests – in agriculture and dispute settlement
 - and we commit to cooperating with others to find solutions that work for the membership as a whole.

s33(a)(iii), s47C(1) and s47E(d)

If raised: Investment Facilitation Joint Statement Initiative

- Australia supports the Investment Facilitation JSI proponents' goal of concluding negotiations in early 2023.

If raised: TRIPs waiver

- Australia supports WTO Members reaching a consensus decision on whether to extend the TRIPs waiver to include COVID-19 therapeutics and diagnostics [*new deadline to be confirmed at the next WTO General Council meeting (March 2023)*].

Background

See relevant specific briefing items for background.

COALITION OF TRADE MINISTERS ON CLIMATE LAUNCH

<p>Time and Place Thursday 19 January 14:45 (Joint Photo) 15:00 – 16:15 (Launch) 16:15 – 1700 (Stakeholder Dialogue) Kurpark, Mönch</p>	<p>Co-Hosts Mr Julio <u>JOSÉ PRADO</u>, Minister of Production, Trade and Fisheries (Ecuador) Mr Valdis <u>DOMBROVSKIS</u>, Executive Vice-President and Commissioner for Trade (European Commission) Mr Moses <u>KURIA</u>, Cabinet Secretary for Trade, Investments and Industry (Kenya) Mr Damien <u>O’CONNER</u>, Minister of Trade and Export Growth (New Zealand) s33(a)(iii) and s47C(1)</p>
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s33(a)(iii), s47C(1) and s47E(d)

Handling Note

Short welcoming remarks (from the four co-hosting Ministers) will be followed by a ‘tour de table’ of interventions by Ministers.

You (Senator Ayres) will have the opportunity to make a brief two-minute intervention (suggested intervention follows) on two questions: *Which area of work outlined in the statement you would like to prioritise? What action should be taken to advance that work?*

s33(a)(iii)

Intervention

We recognise that trade and the multilateral trading system have to be parts of the solution, which is why we are committing to this Coalition today.

Let me start by thanking the co-hosts for establishing this important forum.

Australia is committed to tackling climate change and global greenhouse gas emissions.

We are exploring new and innovative approaches to cooperating with partners across trade, economic and decarbonisation agendas, including our bilateral Green Economy Agreement with Singapore, which came into effect in October last year.

We recognise that trade and the multilateral trading system must be part of the solution, which is why we are committing to this Coalition today.

This Coalition can help to catalyse work across the global trade and economic architecture, including at the WTO and OECD, to help identify avenues for trade policy to address major environmental challenges.

Trade is responsible for the diffusion of climate solutions, such as low carbon technologies and environmental goods and services. It can also help address problems like carbon leakage – and it's important that we look for multilateral or plurilateral approaches that will be more effective and can incentivise our industries to simultaneously make efforts to 'green' their outputs.

We also need to take a thorough look at the harmful impact of subsidies on the climate. Over \$800 billion per year is provided to support agricultural producers – a staggering figure, four times global aid flows. We simply will not get to net zero globally without bringing down this egregious level of spending.

Trade must also underpin a just and inclusive transition to a low-emissions future. Trade needs to ensure that the transition supports economic development, including by providing opportunities for members, particularly developing and least developed countries, to participate in and benefit from solutions to environmental problems.

This is an important moment and we look forward to working with all participating countries to progress the trade and climate agenda through this initiative.

(Duration: 2 minutes)

(Word count: 295 words)

Background

In the margins of MC12, Ecuador, Kenya, New Zealand and the EU co-hosted an informal dialogue on trade, climate and sustainable development, which Minister Farrell attended. Following positive feedback during and after the meeting, the co-hosts will officially launch the *Coalition of Trade Ministers on Climate* (the Coalition) at this Davos meeting.

Purpose of the Coalition

The purpose of the Coalition is to create a broad consultation forum for Trade Ministers to ensure that trade and investment contribute to the response to the climate crisis and to achieving sustainable development. s33(a)(iii), s47C(1) and s47E(d)

The Coalition will have five broad priorities:

- Fostering international cooperation and collective action to promote trade and trade policies that pursue climate action;
- identifying ways to ensure the multilateral trading system contributes to the global response to climate change;
- promoting trade and investment that foster the diffusion, development, accessibility and update of goods, services and technologies that support climate mitigation and adaptation;
- identifying trade-related strategies supportive of vulnerable developing and least developing countries; and
- building alliances and partnerships with stakeholders to foster climate action, transition, and climate-resilient development.

While separate to the WTO, the Coalition would hold meetings of Trade Ministers in the margins of WTO Ministerial Conferences when possible. s33(a)(iii), s47C(1) and s47E(d)

Through the Singapore-Australia Green Economy Agreement, signed by Trade Ministers in October 2022, Australia and Singapore are laying the foundations for cross-border economy activities that drive growth and reduce emissions. This includes facilitating flows of environmental goods and services, green and transition finance, and clean energy.

REALISING RCEP'S FULL POTENTIAL

Time and Place

Thursday 19 January
16:30 – 17:30
WEF Congress Centre,
Jakobshorn

s33(a)(iii) and s47C(1)

s33(a)(iii), s47C(1) and s47E(d)

Handling Note

This will be a one-hour workshop event, moderated by Professor Richard Baldwin. The focus of discussion will be on *“how RCEP can realise its full potential and fuel recovery and sustained growth in a comprehensive and mutually beneficial way”*.

Talking points below can guide your input to the discussion. You have been asked to deliver closing remarks (also below) for this event.

s33(a)(iii)

Agenda

16:30-16:50: Welcome and introductory remarks

- Sorasak PAN: Opening remarks on the key next steps for RCEP's implementation and the role of public-private collaboration
- Tak NIINAMI: What does RCEP mean for regional supply chain optimization and resilience?
- Arancha GONZALEZ LAYA: RCEP in interplay with other trade arrangements

16:50 – 17:25: Free flowing discussion on:

- RCEP's role in shaping future supply chains' responses to shocks and disruptions,
- the future of digital trade under RCEP, and
- areas for public-private collaboration to support and accelerate RCEP implementation.

17:25 – 17:30: Reflections and closing remarks

Talking Points

- Australia was pleased to be an original party to the Regional Comprehensive Economic Partnership (RCEP) Agreement when it entered into force on 1 January 2022
 - Australia looks forward to being the 2023 non-ASEAN Co-Chair of the RCEP Joint Committee.
- RCEP reinforces the importance of ASEAN centrality to the Indo-Pacific regional economic architecture and rules-based order and brings together the major North Asian economies of China, Japan and South Korea with those of ASEAN, Australia and New Zealand.
- Once fully implemented, RCEP will be the world's largest free trade agreement (FTA) by members' cumulative GDP and will boost economic integration in a dynamic region.

RCEP's contribution to economic recovery

- For goods traders, RCEP's rules strengthen regional value chains – networks of interlinked stages of production that straddle international borders – and boost economic integration while building strategic confidence in the region
 - RCEP locks in market access and addresses non-tariff barriers, and it establishes rules that will provide greater certainty and improve the business environment across the region
 - for services providers and investors, RCEP includes new market access commitments
 - » and measures to lock in existing conditions and bind parties to extend any future liberalisation to fellow RCEP members.
- As a modern agreement, RCEP provides new rules for electronic commerce, intellectual property, competition, and small and medium sized enterprises.
- RCEP also creates a new and globally significant platform for dialogue and cooperation on trade and economic issues
 - highly important as the region seeks to fuel recovery and achieve sustained growth.

RCEP supporting regional supply chain resilience

- The COVID-19 pandemic has caused significant disruptions to supply chains in RCEP member economies and has highlighted the need for greater resilience
 - we have common interests in ensuring our region's supply chains are strong and resilient

– building resilience means ensuring supply chains can quickly cope, adapt and transform in times of need.

- RCEP contributes to these objectives by deepening regional economic integration and enhancing trade connectivity

- open markets and rules-based trade are the bedrock of resilient supply chains

- promoting digital and harmonised trade can also improve the flexibility of businesses to adapt to shocks and minimise supply chain disruptions.

Future of Digital Trade under RCEP

- The rapid pace of growth in digital economies across Southeast Asia provides significant opportunities throughout our region

s33(a)(iii), s47C(1) and s47E(d)

- In particular, RCEP supports paperless trade, enhances consumer protection in the online environment and encourages increased cooperation between member states

s33(a)(iii), s47C(1) and s47E(d)

If raised: Economic and Technical Cooperation under RCEP

- Economic and technical cooperation activities under RCEP will aim to narrow development gaps among the Parties

- and to maximise mutual benefits from RCEP's implementation and utilisation.

- Australia's \$46 million Regional Trade for Development facility (RT4D) will provide technical assistance and capacity building to help eligible ASEAN countries implement commitments under RCEP and the upgraded ASEAN-Australia-New Zealand FTA (AANZFTA)

- RT4D will have an increased focus on economic cooperation for less developed ASEAN members.

s33(a)(iii), s47C(1) and s47E(d)

If raised: Accession to RCEP by India

- India participated in RCEP negotiations until 2019 and RCEP Ministers agreed that India could request to start accession negotiations at any future time
 - Australia and other RCEP Parties would welcome India's reengagement with RCEP should it wish to do so
 - and India would be welcome to participate as an observer in RCEP meetings and economic cooperation activities even though it has not joined RCEP.

s33(a)(iii), s47C(1) and s47E(d)

Closing Remarks for Assistant Minister Ayres

Thank you to the World Economic Forum for hosting this important event and to Professor Baldwin for facilitating.

Thank you also to Minister Pan for his opening remarks today, and to Mr Niinami and Ms Gonzalez for their contributions as well.

I appreciated being a part of today's fulsome discussion on how RCEP can realise its full potential and fuel inclusive recovery and sustained growth.

[Option to insert observations on or briefly summarise the discussion]

This discussion is particularly relevant for Australia, which will be the non-ASEAN Co-Chair of the RCEP Joint Committee this year.

On that note, I would like to congratulate Indonesia on RCEP's entry into force earlier this month [2 January 2023]. Australia also looks forward to the Philippines completing its domestic ratification process in the near future.

In September 2022, I welcomed the opportunity to attend the Inaugural RCEP Ministerial Meeting in Siem Reap, Cambodia.

My Ministerial colleagues and I exchanged views about how RCEP's implementation signals to the world the Indo-Pacific region's commitment to trade liberalisation and economic integration.

This is particularly important in today's environment of geopolitical tensions and economic uncertainty.

RCEP complements existing bilateral and multilateral FTAs. It strengthens regional value chains and provides new services and investment market access. Improving regional connectivity and open trade within RCEP works to strengthen the resilience of supply chains from global disruptions.

RCEP's E-Commerce chapter also sets an important foundation for digital trade and investment in the region.

RCEP reinforces ASEAN's central role in the Indo-Pacific economic architecture and rules-based order. Importantly, RCEP was also the first FTA to bring together China, Japan and the Republic of Korea.

The Agreement's deliberate focus on economic cooperation will contribute directly to inclusive recovery and sustained growth.

Australia is pleased to continue our longstanding support to ASEAN Member States on economic cooperation in trade. Through our \$46 million Regional Trade for Development Facility, we will support ASEAN Members to fully realise the benefits of RCEP.

[REDACTED]

RCEP members are currently prioritising the development of an economic cooperation program. This is expected to cover issues such as trade facilitation, digital rules, improving supply chain resilience, and green energy.

Australia also looks forward to a review of RCEP in coming years, to ensure that RCEP's outcomes, on issues such as tariff liberalisation, remain competitive alongside other regional trade agreements.

In conclusion, RCEP reflects the core of ASEAN's mission. It is a powerful mechanism which we can use to strengthen multilateralism and contribute to regional and global confidence and recovery.

Thank you.

(Words: 420)

(Duration: 2 minutes 30 seconds)

Background

RCEP entered into force on 1 January 2022, for Australia, Brunei, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand and Vietnam. RCEP then entered into force on 2 February for the Republic of Korea (ROK), 18 March 2022 for Malaysia, and on 2 January 2023 for Indonesia.
s33(a)(iii) and s33(b)

Economic Cooperation

The Regional Trade for Development (RT4D) initiative will deliver economic cooperation support to eligible ASEAN nations to support their full implementation of an upgraded AANZFTA and RCEP. Additional support staff (Country Coordinators) will be based in less developed ASEAN countries to support their engagement with the program. The RT4D Facility is currently mobilising.

s33(a)(iii) and s33(b)

s33(a)(iii), s47C(1) and s47E(d)



s33(a)(iii) and s33(b)



Biographies – WEF RCEP Workshop



Richard BALDWIN

Professor of International Economics,
Graduate Institute of International and
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Arancha GONZALEZ LAYA

Dean, Paris School of International Affairs,
Sciences Po, France (Firestarter/Host)

*Ms Gonzalez previously served as Spain's
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Takeshi "Tak" NIINAMI

Chief Executive Officer, Suntory Holdings,
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Sorasak PAN

Minister of Commerce (Opening Remarks)
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Nishimura YASUTOSHI

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Desmond LEE

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INVESTMENT FACILITATION FOR DEVELOPMENT JSI

Time and Place

Thursday 19 January

5:45pm – 6:45pm

Dome E, Ice Village, Hockey

Stadium

s33(a)(iii) and s47C(1)

s33(a)(iii), s47C(1) and s47E(d)

Handling Note

The meeting will commence with a 'family photo', followed by introductory remarks by the Korean and Chilean co-coordinators (4 mins) and the Director-General (3 mins). Ministers will then be invited to make short (1-2 mins) interventions focused on: 1) an assessment of progress made in 2022; 2) steps required to finalise negotiations in 2023; and 3) outreach to non-participants. The points in the 'Key Issues Brief' succinctly address these three elements, should you choose to make an intervention.


You will be accompanied by Ambassador Mina and will need to leave early (at 1825) for the meeting with USTR Tai.

Talking Points

- Australia welcomes the significant progress made in the IFD JSI negotiations.
- We encourage participating WTO Members to maintain momentum in the negotiations to conclude early this year
 - including by compromising or dropping proposals for unviable text.
- Australia is keen to work with other participating WTO Members to increase awareness of the IFD JSI and its potential benefits among non-participating Members and business.

If raised: Australia's interests in the IFD JSI

- Australia is interested in an IFD JSI that
 - contains disciplines that promote transparency, predictability and efficiency in the application of government measures on foreign investment

- 
- addresses contemporary investment challenges to support the broader community, such as responsible business conduct and anti-corruption efforts
s33(a)(iii), s47C(1) and s47E(d)
 - ensures that ‘special and differential treatment’, including technical assistance, is tailored to different Members’ levels of development and demonstrated needs.

Investment Facilitation for Development (IFD) Ministers' Meeting

January 19th 2023, 17:45 – 18:45

Ice Village, Dome E

DRAFT AGENDA

<p>17:45 – 17:48 <i>(3 minutes)</i></p>	<p>Housekeeping and Family Photo</p>
<p>17:48 – 17:53 <i>(5 minutes)</i></p>	<p>Introductory remarks – Co-hosts</p>
	<p><i>Dr. Okonjo-Iweala, Director General of the WTO will make a separate intervention as she joins in the middle of the meeting.</i></p>
<p>17:53 – 18:43 <i>(50 minutes)</i></p>	<p>Remarks by Ministers :</p> <ol style="list-style-type: none"> 1) Assessment of progress made in 2022 2) Concrete steps to finalize negotiations in 2023 3) Outreach to non-participating Members <p><i>Remarks to be made all at once and be limited to maximum 2 minutes per Member, on a first-come first-served voluntary basis. Considering that the duration of the meeting cannot go over 1 hour, we request that the time be strictly observed so that we can accommodate all requests for intervention.</i></p>
<p>18:43 – 18:45 <i>(2 minutes)</i></p>	<p>Closing remarks and next steps – Co-hosts</p>

Event Biographies



José Miguel AHUMADA *s33(a)(iii) and s47C(1)*

Undersecretary for International Economic Relations
CHILE

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Mr YAMADA Kenji

s33(a)(iii) and s47C(1)

State Minister for Foreign Affairs
JAPAN

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Dr AHN Dukgeun *s33(a)(iii) and s47C(1)*

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REPUBLIC OF KOREA

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Alfredo PASCUAL

Secretary (Minister) of Trade and Industry
THE PHILIPPINES

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s47C(1) and s47F(1)

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[REDACTED]

[REDACTED]

OTTAWA GROUP DINNER

Time and Place

Thursday, 19 January
7:30pm – 9:30pm
Morosani Schweizerhof
Hotel, Bundnerstube
Room

s33(a)(iii) and s47C(1)

s33(a)(iii), s47C(1) and s47E(d)

Ottawa Group Members (14): Australia, Brazil, Canada, Chile, the EU, Japan, Kenya, Mexico, New Zealand, Norway, the ROK, Singapore, Switzerland and the UK.

s33(a)(iii) and 47C(1)

s33(a)(iii)

Talking Points

- Welcome the opportunity to discuss how the Ottawa Group can best support the WTO reform agenda this year in the lead up to MC13
 - we want to use this meeting to affirm the Group's priorities in 2023, following on from our virtual discussion in December, and set the tone for what will be a pivotal year for WTO reform
 - it is vital we harness the momentum and goodwill generated at MC12 to ensure we remain on track to deliver on our MC12 mandate to reform the WTO.
- With the mandate we secured at MC12, we have a much-needed licence to pursue reform in earnest.

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

If raised: Agreement on Fisheries Subsidies

- Entry into force of the Agreement on Fisheries Subsidies is vital for the WTO
 - this will trigger the first wave of binding disciplines and allow the Fisheries Funding Mechanism to provide assistance to developing/least-developed country Members.

s33(a)(iii), s47C(1) and s47E(d)

- We are also continuing to encourage early ratification of the Agreement across the Membership
 - strongly supportive of similar outreach from others, including from the Ottawa Group
 - Australia was delighted to be the first WTO Member to publicly pledge a commitment of \$2 million to the new Fisheries Funding Mechanism.

s33(a)(iii), s47C(1) and s47E(d)



s33(a)(iii), s47C(1) and s47E(d)



Background

The Ottawa Group was founded in 2018 with the intent of finding ways to develop meaningful and pragmatic WTO reforms within a representative cross-section of WTO Members (Australia, Brazil, Canada, Chile, European Union, Japan, Kenya, South Korea, Mexico, New Zealand, Norway, Singapore, Switzerland and the UK), and then drive those reforms with the broader Membership.

s33(a)(iii), s47C(1) and s47E(d)

WTO reform

Following the WTO reform mandate achieved at MC12, the WTO General Council Chair Chambovey (Switzerland) conducted consultations with Members regarding how to take the reform agenda forward. He proposed a hybrid process for considering reform proposals – including bottom-up (“reform by doing” in the WTO’s various committees and councils) and top-down (General Council consideration of cross-cutting issues). In line with this, WTO committees and councils are considering, implementing, and reporting on ways they can operate more effectively. Innovative, open and inclusive group rulemaking initiatives are also ongoing and will serve to reinforce the WTO’s role as the foundation of the multilateral trading system. Australia is working to support these workstreams, which would all deliver on MC12’s vision of improvements to all WTO functions.

Dispute Settlement Reform

At the 12th WTO Ministerial Conference (MC12) in June 2022, all WTO Members agreed to undertake discussions with the view to having a fully functional dispute settlement system by 2024. Prior to MC12 (in April 2022), the US launched an informal, technical-level discussion on dispute settlement reform in Geneva, s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Agreement on Fisheries Subsidies

The Fisheries Subsidies Agreement was a key outcome of MC12. It will help ensure the sustainability of our oceans and is the only multilateral treaty agreed at the WTO in the past decade. Australia worked closely with our Pacific partners throughout MC12 and played an integral role in securing the Agreement. The Agreement will come into force once ratified by two-thirds of Members.

The Agreement includes prohibitions on subsidies for: illegal, unreported, and unregulated fishing, fishing of overfished stocks, and unregulated high seas fishing. The Ministerial Decision accompanying the Agreement mandates that negotiations continue on further disciplines including on subsidies that contribute to overcapacity and overfishing. s33(a)(iii), s47C(1) and s47E(d)

If comprehensive disciplines are not adopted within four years of entry into force, the 'sunset clause' will be triggered and the Agreement will be terminated, unless WTO Members agree otherwise.

s33(a)(iii), s47C(1) and s47E(d)

Event Biographies

**Mr Sarquis José Buainain SARQUIS**

s33(a)(iii) and s47C(1)

BRAZIL

Secretary of Foreign Trade and Economic Affairs (Vice Minister)

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s47C(1) and s47F(1)



Note: Sarquis is Brazil's G20 Sherpa and Deputy Secretary level-equivalent

**Ms Mary NG** s33(a)(iii) and s47C(1)

Minister of International Trade, Export Promotion, Small Business and Economic Development

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Undersecretary for International Economic Relations

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JAPAN

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JAPAN

State Minister for Foreign Affairs

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Cabinet Secretary for Investments, Trade and Industry

KENYA

Form of Address: Cabinet Secretary
s47C(1) and s47F(1)Twitter handle: [@HonMoses_Kuria](#)**Dr AHN Dukgeun** s33(a)(iii) and s47C(1)

Minister for Trade, Industry and Energy

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Her Excellency Ms Raquel **BUENROSTRO** Sanchez ^{s33(a)(iii) and s47C(1)}

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Mr Desmond LEE

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HE Mr Guy PARMELIN ^{s33(a)(iii) and s47C(1)}

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Ms Kemi BADENOCH ^{s33(a)(iii) and s47C(1)}

Secretary of State for International Trade and President of the
Board of Trade and Minister for Women and Equalities
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Ms Maria PAGÁN ^{s33(a)(iii) and s47C(1)}

Deputy United States Trade Representative and Chief of
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UNITED STATES OF AMERICA

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CAIRNS GROUP INFORMAL DISCUSSION

Time and Place Friday 20 January 12:45-13:45 Bündnerstube Room, Hotel Morosani Schweizerhof	Attendees - [list as per page 9] <i>[An updated participants list is to be provided closer to the event]</i>
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s33(a)(iii), s47C(1) and s47E(d)

Handling note

You will make some short welcoming remarks, share some preliminary Australian views on the way forward, then open the floor for others. It will be important to encourage an informal, free-flowing exchange. Participants will seek the floor by raising their country name plate. You will need to close the meeting promptly to make your departure flight on time. Lunch will be served over the discussion.

Meeting agenda:

12:45: Arrival

12:50: Welcome and introduction by Senator the Hon Tim Ayres

12:55: Informal discussion among Ministers

13:40: Conclusion and close

s33(a)(iii)

Interventions

Introduction and welcome

Thank you all for coming.

I met some of you and your colleagues at MC12 – pleasure to see you again.

We have a year to prepare for MC13.

We need to find an approach that avoids another Ministerial Conference that fails to deliver any meaningful progress toward agricultural reform.

The **Cairns Group Retreat** identified some key goals and principles for how we want to move forward on agricultural trade reform.

These included:

- Doing more to build the links between agricultural trade reform, food security and climate change
- New data and technical analysis
- And considering new approaches and coalitions to advance our cause.

We are already **making progress**:

- Last year Australia commissioned and produced a major new analysis covering research to date on the environmental impacts of subsidies
- We are advancing new technical work, including on the 'state of play' in global agricultural support, subsidy concentration and green box use

The year ahead is going to be **challenging**.

Many of us have just come from the Swiss-hosted mini-WTO Ministerial.

Australia argued that dispute settlement and agriculture were priorities.

But this sentiment was not shared by all.

We know the majors will not agree to strengthen rules on agricultural subsidies unless we can change the way they look at the problem.

And this year we can expect even stronger calls for greater stockholding entitlements and waivers of [hard-fought for] export subsidy rules.

The agriculture rules were simply not built to last 25 years, let alone longer, and the longer we leave them, the weaker they get.

And weaker rules mean a weaker multilateral trading system.

Meanwhile the **global imperatives** for updating the rules are building.

We will not meet global climate change, sustainability and food security goals unless we take action in agriculture

- Agricultural support is growing – according to a [2021 report by the OECD](#), over USD 800 billion was spent on agricultural support per year over 2019-21 by the 54 countries covered by the report
- Most is concentrated on a few products in only a few countries
- In 2022, agriculture and land use accounted for 22 per cent of global greenhouse gas emissions [[World Bank/IFPRI](#)]
- Global hunger is again on the rise – with up to 349 million people across 79 countries suffering from acute food insecurity
- The most recent joint [OECD-FAO Agricultural Outlook \[2022-2031\]](#) reports that, to achieve the Sustainable Development Goal of achieving Zero Hunger by 2030 while simultaneously keeping agricultural emissions on track to reach the Paris Agreement targets, average global agricultural productivity would need to increase by 28% over the next decade.
 - This is more than triple the increase recorded in the last decade, and will require a comprehensive boost to investment and innovation, and reduction in food loss and waste.

There are also growing strains on the multilateral trading system

s33(a)(iii), s47C(1) and s47E(d)

- We have no enforceable dispute settlement process
- s33(a)(iii), s47C(1) and s47E(d)

So what do we do about it?

Our goal will always be ambitious, comprehensive and equitable multilateral agricultural trade reform.

What steps do we take now to get there?

Who can we work with to get there?

At the Retreat we discussed many options, including plurilateral pathways, which of course is very complex.

We have a number of thoughts but would very much like to hear from you today.

Please can I encourage you to speak frankly and fearlessly and unscripted.

(Duration: 4:20 minutes)

(Word count: 660 words)

Intervention

What we need to achieve global agricultural trade reform is the right mix of political will and room for compromise from all Members of the WTO.

This is no easy task.

In our view, one of the best ways to generate the new political will needed for agriculture reform is to help build a global campaign behind the food security and environmental imperatives I described earlier.

We have seen this start to build already – with reports by the World Bank, the OECD and a range of UN agencies.

But we need to mobilise a broader, louder initiative – including business and civil society – that will pressure political leaders to come to the table.

We need to amplify the message that unless we rein in entitlements and the worst form of subsidies, global food security, environmental sustainability and climate change goals will become more elusive.

As part of this mix, we also need to find a permanent solution to public stockholding for food security purposes, working with others to do so.

As you all know, these issues are deeply interlinked and incredibly difficult to resolve – as we all experienced (again) at MC12.

When senior officials came together for the Cairns Group Retreat (September 2022), there was broad agreement on the need to reset negotiating dynamics and to reframe the debate on the suite of agriculture reform issues in the WTO in a way that would rebuild political will for reform.

Contemporary challenges including food insecurity, climate change and environmental degradation were seen as urgent priorities.

Urgent priorities to which agricultural reform could contribute.

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

We need to encourage further trade liberalisation as a solution to these pressing global challenges, not as the cause.

I welcome other Members' views on these ideas.

We have a long road ahead to achieve our shared vision of a fair and market-oriented agricultural trading system.

But we here all know it is a road worth travelling.

For our farmers.

For global food security.

For global efforts to tackle climate change and restore biodiversity.

I also want to test your views today on possible work we may wish to consider in response to new – and growing – unilateral sustainability-related import conditions that act as barriers to market access.

Unfortunately, some economies are pushing the limits of international rules.

It is important that we resist ongoing growth in these measures, including by calling out their inconsistency with trade rules

I know many of you have spoken out over your concerns with these types of measures, including in the TBT and SPS committees – as has Australia.

We think there is merit in considering a united Cairns Group position on sustainability-related measures for MC13.

This could be a joint statement or a set of shared principles, for example.

I also want to flag that we are considering options for a Cairns Group Ministerial this year.


[Placeholder – text below to be removed or adjusted following advice from TTMO, noting the below option could conflict with Estimates

One option could be to hold a Ministerial immediately following the May APEC trade ministers meeting in Detroit – either in Canada or Latin America.]

Welcome reactions and views.

(Duration: 3.55 minutes)

(Word count: 647 words)


Closing remarks

I would like to thank you for your time today, after a gruelling week.

Australia sees our leadership of the Cairns Group as a great privilege – and a great responsibility.

The role you all play, and your advocacy and policy contributions, are critical to The Cairns Group's success.

For over 35 years we have been the voice of agricultural trade reform – a priority we all see as the WTO's most important unfinished work and central to the health of the multilateral trading system.

We need to work with others to ensure this system doesn't weaken and the global trading community retains its confidence in it.

I have very much welcomed the opportunity to hear your views today – and assure you we are taking them on board.

I hope to continue talking to you and others this year and hope to see you in coming months.

Background

The Cairns Group is a negotiating coalition at the WTO made up of 19 members and one observer. Consisting of both developed and developing countries, the Cairns Group advocates for agricultural trade reform. Australia is the convenor and coordinator of the Cairns Group. We have demonstrated strong leadership of the Group since its establishment in 1986 in Cairns, including through Australia's Permanent Representatives to the WTO in Geneva and through Cairns Group Ministerial Meetings.

s33(a)(iii), s47C(1) and s47E(d)

Cairns Group Retreat

The Cairns Group met on 16-17 September 2022 for a senior officials' meeting in Montreux, Switzerland. The retreat was an opportunity for CG Senior Officials to regroup post-MC12, exchange views on possible pathways forward, and agree next steps as a Group. The group produced an outcomes paper (attached) that summarized the meeting content and listed further possible next steps for the Cairns Group to achieve agricultural trade reform.

Attachments

- Biographies
- Cairns Group Retreat 'outcomes document' – September 2022
- Cairns Group Retreat 'ideas list' – December 2022
- List of Cairns Group members

Biographies



Mr Sarquis José Buainain SARQUIS

s33(a)(iii) and s47C(1)

BRAZIL

Secretary of Foreign Trade and Economic Affairs
(Vice Minister)

Form of Address: Your Excellency
s47C(1) and s47F(1)



Note: Sarquis is Brazil's G20 Sherpa and
Deputy Secretary level-equivalent



Mary NG

Minister of International Trade, Export Promotion,
Small Business and Economic Development

CANADA

Form of Address: Minister
s47C(1) and s47F(1)



Twitter handle: [@mary_ng](https://twitter.com/mary_ng)



Manuel TOVAR Rivera

Minister of Foreign Trade

COSTA RICA

Form of Address: Minister Tovar



Damien O'CONNOR s33(a)(iii) and s47C(1)

Minister for Trade and Export Growth

NEW ZEALAND

Form of Address: Minister
s47C(1) and s47F(1)



Twitter handle: [@DamienOConnorMP](https://twitter.com/DamienOConnorMP)

WTO E-COMMERCE JSI BREAKFAST EVENT

s33(a)(iii) and s47C(1)

Time and Place

Friday, 20 January,

8:00am - 9:30am

Damoro Restaurant, Morosani

Schweizerhof Hotel

s33(a)(iii), s47C(1) and s47E(d)

Handling Note

Together with Ministers TEO Josephine (Singapore) and NISHIMURA Yasutoshi (Japan), you will co-host this event. Singapore will introduce the event, then hand to Japan for introductory remarks and the first intervention. Dr. Ngozi Okonjo-Iweala, Director General of the WTO, will make brief remarks. Singapore will then open the floor for members to make interventions, calling members to speak in alphabetical order, before concluding and passing to you for closing remarks (3 mins).

A Joint Ministerial Statement will be released on behalf of the three co-convenors to coincide with the breakfast event. The Statement will reaffirm members' commitment to agree the rules and call for renewed efforts towards substantial conclusion.

s33(a)(iii) and s47C(1)

s33(a)(iii)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

Background

Following the World Economic Forum in Davos in January 2019, 76 WTO Members issued a [Joint Statement on Electronic Commerce](#) (the Davos Statement) confirming their intention to commence negotiations on trade related aspects of e-commerce. 87 WTO Members now participate in the negotiations, including the EU, US and China.

s33(a)(iii), s47C(1) and s47E(d)

Closing remarks

Thank you all for attending today's event and for underscoring your continued commitment to this important initiative.

We've heard a lot of positive ideas this morning on how we can work together towards the shared goal of expeditious conclusion of a high standard agreement.

The E-Commerce JSI is a key trade priority for Australia, and it's clear from the high level of engagement in these negotiations that it is also a key priority for many of you. The benefits of digital trade are manifold.

Digital trade lowers barriers to entry for new businesses and improves access to global markets. Digital tools improve efficiency and reduce costs. Economies benefit from increased productivity.

We come together to create the first global digital trade rules in recognition that they will underpin digital transformation and enable all of us to share in the opportunities it offers.

These rules will benefit all participants, including developing and least developed countries.

They will improve participation in trade and support digital inclusion for businesses and consumers alike in these countries.

In addition to outcomes for participants, this agreement will also play an important role in supporting the multilateral system.

The JSI will underscore the continued relevance of the WTO and its ability to address contemporary trade issues.

I would like to commend all participants for their efforts to get us to this stage.

Through compromise, creativity and perseverance, we now have ten articles parked and several others close to conclusion – already demonstrating we *can* deliver concrete outcomes.

Our consumer protection rule has been welcomed by Consumers International and will play an influential role in building trust in the online trading environment.

Our paperless trading rule will offer businesses around the world significant savings through guaranteed online access and submission of customs forms.

And our open government data rule will enable researchers around the world to access to up-to-date information from which they can derive valuable insights.

Looking forward, some of the more challenging issues will require high level engagement from all of us, including the free flow of data and ensuring a permanent moratorium on customs duties on electronic transmissions.

[REDACTED]

This year will be a busy one for JSI participants. It is essential that we task our officials to show flexibility and drive momentum.

This might mean withdrawing those proposals that have received little or no support from other members. As always, the co-convenors stand ready to support members in any capacity.

Thank you again and I look forward to seeing what the year brings. I will pass the floor back to [Singapore] Minister TEO Josephine.

(Words: 430) (Duration: 2 minutes 30 seconds)

s33(a)(iii)

Event Biographies



Yasutoshi NISHIMURA
Minister of Economy, Trade and Industry
JAPAN



Form of Address: Minister
s47C(1) and s47F(1)

Twitter handle: @nishy03



Josephine TEO
**Minister for Communications and Information &
Second Minister for Home Affairs**
SINGAPORE



Form of Address: Minister
s47C(1) and s47F(1)

Twitter handle: @joteo_ylm

WTO INFORMAL MINISTERIAL GATHERING

Time and Place

Friday, 20 January,
9:30am-12:30pm (followed
by group photo)
Room "Gartensaal I",
Morosani Schweizerhof Hotel

s33(a)(iii) and s47C(1)

s33(a)(iii), s47C(1) and s47E(d)

Handling Note

Swiss Federal Councillor Guy Parmelin will chair the meeting. Each Minister will have the opportunity to make one intervention to address the discussion questions, which Switzerland has asked be kept to roughly three minutes.

s33(a)(iii) and 47C(1)

s33(a)(iii)

Background

s47C(1) strong outcomes were achieved at the 12th WTO Ministerial Conference (MC12) in June 2022 in Geneva. Australia was pushing for outcomes across five areas: pandemic response (including a TRIPS waiver), agriculture, fisheries subsidies, WTO reform (including dispute settlement reform) and the e-commerce moratorium. Ultimately, strong outcomes were agreed in all areas apart from agriculture. Australia had a strong leadership role at the conference, with both you (Assistant Minister Ayres) and Minister Farrell in attendance – Minister Farrell was conference Vice-Chair.

s33(a)(iii), s47C(1) and s47E(d)

Further background on specific key issues can be found in relevant briefing items.

Intervention

I'd like to start by thanking Switzerland for hosting this important meeting.

We are all aware of the immediate challenges facing the WTO, including the need for reform to ensure the organisation continues to serve the interests of Members in a volatile trading environment.

Given the global political and economic implications of Russia's illegal invasion of Ukraine, it is even more important that we invest in the WTO to ensure the organisation remains as strong as ever at the heart of the global trading system.

It is crucial to capitalise on the success of MC12 by implementing the outcomes we achieved there expeditiously.

s33(a)(iii), s47C(1) and s47E(d)

We need to act on the reform mandate we achieved. Australia is working hard on our highest reform priority – fixing the dispute settlement system by 2024. We will need flexibility and pragmatism from Members to find a solution so that Members can again enforce the rules, regardless of their size and power.

We will also need to intensify our efforts to update the WTO rulebook.

This will require innovative new approaches to rule-making, including driving e-commerce negotiations to conclusion, and charting a new course on agricultural reform.

Looking towards MC13, we need to be careful not to overload the agenda. s33(a)(iii), s47C(1) and s47E(d)

Critical to this will be a pathway to reforming the rules governing trade in agriculture. Agriculture is the unfinished business of the WTO – and the longer we leave it, the more acute the challenges will be for governments seeking to ensure they can feed their communities. We will simply not meet global food security and climate change goals without trade reform in agriculture.

Nor will we meet the problem of sustainability. The UN estimates that 87 per cent of agricultural subsidies are harmful to human health or the environment. We face the risk of global crises in sustainability through government subsidies to agriculture.

As leader of the Cairns Group Australia will continue to work with other Members and groups to this end.

Regular, focused Ministerial engagement on these key issues will be important. Groups of Ministers such as those here today should continue to engage on these issues regularly up until MC13. We should be flexible on format, including meeting virtually if that helps to facilitate engagement.

s33(a)(iii), s47C(1) and s47E(d)

To conclude, let me reiterate Australia's commitment to the WTO and to working with you all to ensure it continues to deliver for all Members.

(Duration: 3.5 minutes)

(Word count: 483 words)

KEY WTO ISSUES BRIEFS

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WTO OVERVIEW

- s33(a)(iii), s47C(1) and s47E(d) strong outcomes were achieved at the organisation's 12th Ministerial Conference (MC12) in June 2022:
 - which you and Minister Farrell attended.s33(a)(iii), s47C(1) and s47E(d)

- A series of WTO meetings in the WEF's margins, s33(a)(iii) and s47C(1), provide an important opportunity to rebuild positive momentum and advance our WTO priorities, including:
 - highlighting the importance of implementing MC12 outcomes, including the Fisheries Subsidies Agreement and the reform mandate.
 - fixing the dispute settlement system by 2024 remains our highest reform priority
 - » You should encourage flexibility and pragmatism from Members to find ways to achieve thiss33(a)(iii), s47C(1) and s47E(d)

 - drawing attention to the enormous level of producer support to agriculture (over \$800bn annually) and highlighting the harmful environmental effects of this support s33(a)(iii), s47C(1) and s47E(d)

- Looking towards MC13 (the focus of the Swiss-led mini-ministerial), you should caution against overloading the agenda. s33(a)(iii), s47C(1) and s47E(d)
 - With this in mind, you can lay groundwork for MC13 to focus on urgent challenges, such as food security and how the WTO can help address climate change and promote sustainable trade.

WTO REFORM, INCLUDING DISPUTE SETTLEMENT

- Australia's top WTO reform priority is to have a fully functioning dispute settlement system by 2024, [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)
- There are significant differences among Members on broader WTO reform priorities and the best pathways to drive the reform agenda forward in 2023 ahead of MC13.

Key Points

- Making progress on the MC12 WTO reform mandates is proving challenging given divergent priorities among the membership, and different views on what constitutes reform
 - there is broad convergence, however, around the need to reform the WTO dispute settlement system.
- Australia takes a pragmatic, 'reform by doing' approach across the WTO's three functions: dispute settlement, rule-making, and deliberation/monitoring
 - while some other members prefer a top-down approach led by the General Council [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)
- Australia's top reform priority remains fixing the WTO dispute settlement system
 - we are participating constructively in a US-led informal process on dispute settlement reform (established in April 2022), [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)
- Plurilaterals are driving rule-making reform and multilateral negotiations are challenging
 - Australia supports Joint Statement Initiatives (JSIs) as an innovative, open, inclusive and WTO-consistent alternative to multilateral negotiations, which can help update the WTO rulebook on modern issues like e-commerce and trade and climate
 - some Members, [s33\(a\)\(iii\)](#) argue plurilateral negotiations undercut the multilateral and consensus-based principles of the WTO.
 - Australia is continuing to prioritise reform of agricultural trade rules after MC12 failed to deliver in that area: [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)
- Reform of the WTO's monitoring and deliberative function is arguably the pillar where we can make early progress, but is still not easy to achieve


- the WTO’s regular committees play an important role in sustaining respect for the rules, but there is potential to improve their effectiveness and efficiency
- Australia is considering with like-minded Members how best to improve Members’ compliance with notifications obligations and enhance transparency, including by streamlining reporting requirements.
- WTO committees are already identifying ways to improve to their operations.

Background

At MC12, ministers committed to work towards “necessary reform of the WTO”, envisioning improvements to all its functions for consideration at MC13. On dispute settlement specifically, ministers committed to “conduct discussions with the view to having a fully and well-functioning dispute settlement system accessible to all Members by 2024”.

The US has been leading informal discussions on WTO dispute settlement reform in Geneva.
s33(a)(iii), s47C(1) and s47E(d)

Following MC12, the WTO General Council Chair Chambovey (Switzerland) conducted consultations with Members regarding how to take WTO reform forward. At the 6-7 October General Council meeting, Members agreed to a hybrid process for considering reform proposals – including bottom-up (“reform by doing” in subsidiary bodies) and top-down (General Council consideration of cross-cutting issues). In line with this, WTO committees have been considering, implementing, and reporting on ways they can operate more effectively. Innovative, open and inclusive group rulemaking initiatives are also ongoing and will serve to reinforce the WTO’s role as the foundation of the multilateral trading system. Australia is working to support these workstreams, which would all deliver on MC12’s decision on improvements to all WTO functions.



E-COMMERCE, E-COMMERCE JSI AND CUSTOMS DUTY MORATORIUM

s33(a)(iii), s47C(1) and s47E(d)

- Australia is a strong advocate for the moratorium, which prohibits the application of customs duties on electronic transmissions such as email, streaming services and software
 - the moratorium also enjoys the broad support of global industry.

s33(a)(iii), s47C(1) and s47E(d)

TRADE AND ENVIRONMENT AT THE WTO

- The WTO has an important role to play in making trade part of the solution to environmental problems, including climate change.
- Australia is a leader on trade and environment discussions at the WTO, which have intensified, and we want to develop concrete actions [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)

Key Points

- Australia has been playing a leadership role in trade and environment discussions at the WTO arguing that trade is, and must continue to be, part of the solution to environmental problems, including climate change
 - for example, by promoting broad access to low carbon technologies.
 - The MC12 fisheries outcome also represented an important step towards promoting environmental sustainability (see separate brief).
 - This growing WTO priority aligns with the Government's commitment to reduce greenhouse gas emissions by 43 per cent below 2005 levels by 2030, putting us on track to achieve our net zero emissions by 2050 target. [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)
 - The Trade and Environmental Sustainability Structured Discussions (TESSD) initiative was established in 2020 and discussions intensified throughout 2021-22 with almost half of WTO Members now participating, though discussions are still in an early phase.
 - Australia is an active participant in TESSD, where we focus on:
 - the environmental impact of subsidies, including agricultural subsidies
 - how efforts to address carbon leakage can best support the multilateral system
 - advocating for further liberalisation of environmental goods and services trade.
 - Participants have agreed to narrow the TESSD work plan for 2023, [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)
 - Australia is a Co-Coordinator of the Dialogue on Plastics Pollution (DPP), which is exploring how trade policy can help address pollution and offer alternatives to plastics, including by:
 - launching a survey of Members trade-related plastic measures to identify how countries are addressing plastic pollution, including through trade
 - establishing an MoU with the World Customs Organization to identify ways to improve understanding of the trade flows of plastics, and
 - hosting a technical workshop with the United Nations Conference on Trade and Development (UNCTAD) to identify possible environmentally sound substitutes and alternatives.
- [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)

Background

Sustainable development, and the protection and preservation of the environment are fundamental goals for the WTO, enshrined in the founding WTO Agreement.

Trade and Environmental Sustainability Structured Discussions

Australia is an active participant in **Trade and Environmental Sustainability Structured Discussions (TESSD)**, which were established in 2020 out of a desire to re-energise stalled discussions at the Committee on Trade and Environment. TESSD has 74 participating WTO Members and covers majority of the global trade (over 80%). At a high-level TESSD event in December 2022, Members agreed TESSD's four working groups would have a more focused approach in 2023:

- The Working Group on Trade-related Climate Measures will review different carbon measurement standards and measures;
- The Working Group on Environmental Goods and Services (EGS) will examine the promotion and facilitation of EGS trade, starting with the renewable energy sector related to the environmental goal of climate change mitigation and adaptation;
- The Working Group on Circular Economy will undertake a mapping exercise to build a broader understanding of the aspects of trade and trade policy which are relevant to each part of the life cycle, and discuss the renewable energy and electronics sector.
- The Working Group on Subsidies focus on the potential positive and negative environmental effects of subsidies, as well as their trade impacts and examine agricultural subsidies and subsidies related to the transition to a low-carbon economy.

Dialogue on Plastics Pollution

Australia, as a coordinator (with Barbados, China, Ecuador, Fiji and Morocco) of the **Dialogue on Plastics Pollution (DPP)**, continues to play a leading role in helping build the momentum of this initiative. The DPP currently consists of 75 WTO Members and offers an avenue to work with relevant environmental organisations and experts to explore how trade policy can contribute to global efforts to deal with plastics pollution and plastics alternatives with the most balanced impact on sustainability, job creation and economic development - while remaining consistent with WTO rules. The DPP is also committed to close cooperation with UNEP and the INC process to negotiate an internationally binding instrument to end plastic pollution.

New Zealand is an active proponent of fossil fuel subsidy reform (FFSR) internationally and has been leading discussions at the WTO alongside the EU, Switzerland and the UK. With 43 other Members, it issued a statement in December 2021 setting out an intention to seek to rationalise and phase out inefficient fossil fuel subsidies, and to advance discussion at the WTO towards disciplines supporting this effort. [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)

[Please see separate event brief on the launch of the Climate Coalition.]

FISHERIES SUBSIDIES NEGOTIATIONS

s33(a)(iii), s47C(1) and s47E(d)

- The commencement of second wave negotiations, agreed at MC12, will be crucial to secure a comprehensive Agreement, including further disciplines on overcapacity and overfishing. Australia believes that there should be new approaches to resolve outstanding issues.

Key Points

- The Fisheries Subsidies Agreement represents a significant and meaningful contribution to the sustainability of our oceans and a major milestone for the WTO
 - it will help put a stop to the depletion of global fish stocks that are vital for livelihoods, food security and healthy oceans, and demonstrates that the WTO can still respond to modern challenges.

s33(a)(iii), s47C(1) and s47E(d)

- it is important that we use the relevant opportunities to urge other Members, particularly large subsidising fishing nations, to ratify and implement the Agreement as soon as possible.
- Australia will play an active role in the second wave of negotiations to secure a comprehensive Agreement, including further disciplines on overcapacity and overfishing.
- We are encouraging Members to adopt innovative approaches to negotiations and avoid the pitfalls which led to the impasse at MC12 and advance negotiations on outstanding issues
 - the WTO Membership only has until MC13 in February 2024 to make recommendations on these important issues.

s33(a)(iii), s47C(1) and s47E(d)

- Australia was proudly the first WTO Member to publicly pledge a commitment of \$2 million to the new Fisheries Funding Mechanism (announced on 22 November 2022 by Minister Farrell)
 - we are encouraging other WTO Members to do the same.

Background

The Fisheries Subsidies Agreement (the Agreement) was a key outcome of the WTO MC12. It will help ensure the sustainability of our oceans and is the only multilateral treaty agreed at the WTO in the past decade. Australia worked closely with our Pacific partners throughout MC12 and played an integral role in securing the Agreement. The Agreement will enter into force once ratified by two-thirds of Members.

[REDACTED]

The Agreement includes prohibitions on subsidies for: illegal, unreported, and unregulated (IUU) fishing, fishing of overfished stocks, and unregulated high seas fishing. The Ministerial Decision accompanying the Agreement mandates that negotiations continue on further disciplines including on subsidies that contribute to overcapacity and overfishing.

Recommendations are to be put forward at MC13 in February 2024. If comprehensive disciplines are not adopted within four years of entry into force, the 'sunset clause' will be triggered and the Agreement will be terminated, unless WTO Members agree otherwise.

A retreat on 10 October 2022 in Evian, France, focused on planning for the next phase of work on the Agreement. Australia worked closely with Pacific and other likemindeds to encourage members to 'take a step back' and develop approaches that avoid the challenges that had hampered prior negotiations on overcapacity and overfishing. s33(a)(iii), s47C(1) and s47E(d)

The retreat also recommended knowledge-building technical workshops, the first of which was held on 23 November 2022 which focussed on domestic implementation of the new disciplines.

s33(a)(iii), s47C(1) and s47E(d)

WTO AGRICULTURE

- The case for agricultural trade reform is stronger than ever s33(a)(iii), s47C(1) and s47E(d)
 - Food security is and will continue to be a headline concern among developing countries, fuelled by the impacts of climate change, conflict, Covid and cost of living pressures.
 - There is increasing evidence that agricultural reform would serve global food security interests, including by reducing deleterious environmental impacts of agriculture policies. This provides an opportunity to reset the politics of reform by reframing the agriculture reform debate.
 - To reset negotiations and reframe debate, we need all Members to step back from long-entrenched positions and engage creatively and collaboratively. Small steps that build trust will likely then be needed to find a path forward on agricultural reform.
- Australia was disappointed that the WTO failed to reach an outcome on long-term agricultural reform at its 12th Ministerial Conference (MC12)
 - this was a key priority not only for Australia and the Cairns Group, but most WTO Members
 - eleven out of 12 WTO Ministerial Conference have failed on agricultural trade reform.
 - We are encouraging all Members to step back from long-entrenched positions and to engage creatively and collaboratively
 - this is important if the WTO is to find a path forward on agricultural reform at a difficult time in the reform process.
 - The most prospective approach to long term agricultural reform is one with the food security concerns of developing countries squarely in focus
 - this was a clear take-away from both the Cairns Group Retreat and the WTO Director-General's Agriculture Retreat.
 - Food security is and will continue to be a headline concern for developing countries
 - with the impacts of climate change, conflict, Covid and cost of living pressures challenging agricultural production and access to food.
 - We think agriculture reform [to reduce market distortions] is part of the solution to the world's food security challenges
 - less distortion of agricultural markets would
 - » improve physical and economic access to food
 - » reduce negative environmental impacts from trade- and production-distorting agricultural policy measures, and
 - » promote agricultural production, food security and economic development, particularly in developing countries that can't or don't provide government subsidies or other production incentives.

- Australia is particularly concerned about growing global agricultural domestic support (subsidy) entitlements, especially where support is concentrated on certain key staple food commodities
 - this support has negatively impacted the competitiveness of many farmers globally, both in developed and developing countries
 - and, in many cases, promotes environmentally harmful and unsustainable farming practices
 - » potentially diminishing future productivity.

s33(a)(iii), s47C(1) and s47E(d)

- Failure to map a way forward on long-term agriculture reform risks undermining the ongoing value of the WTO
 - to do this, we want to progress a pathway that addresses current global trade realities
 - » Australia is keen to work with Members to identify pathways that help improve global food security, that contribute to climate and environmental goals, and that help level the playing field for agricultural producers everywhere
 - » but it will take time, and we need to take small steps to build trust and support of all Members
 - » we also need to be realistic about what can be achieved in short-medium term.

Background

s33(a)(iii), s47C(1) and s47E(d)

Reformers are likely to continue to expect Australia, the Cairns Group Chair, to lead resistance to the erosion of existing disciplines and to articulate and drive positive reform positions. Australia has been testing new and creative ideas through a Cairns Group Senior Officials' Retreat (September 2022) and at the WTO Director-General's Retreat on Agriculture (October 2022).

[REDACTED]

s33(a)(iii), s47C(1) and s47E(d)

Strengthened partnerships will be critical for progressing agriculture reform goals, testing new negotiation approaches and rebuilding trust and political will for reform.

TRIPS WAIVER EXTENSION

- Discussions on whether to extend the MC12 TRIPS waiver for COVID-19 vaccines to also include COVID-19 therapeutics and diagnostics did not reach an outcome by the 17 December deadline.
s33(a)(iii), s47C(1) and s47E(d)

Key points

- WTO Members have agreed to defer the decision on whether to extend the MC12 TRIPS waiver to include COVID-19 therapeutics and diagnostics, with the new deadline to be confirmed at the next WTO General Council meeting (2-3 March 2023).
- USTR has requested the United States International Trade Commission investigate the market dynamics relating to access to COVID-19 therapeutics and diagnostics
 - the deadline for that investigation is October 2023, **s33(a)(iii), s47C(1) and s47E(d)**
- Australia supports WTO Members reaching a consensus decision on whether to extend the TRIPS waiver to include COVID-19 therapeutics and diagnostics.
- We acknowledge the importance of the TRIPS waiver in addressing concerns from developing countries about access to COVID-19 vaccines, therapeutics and diagnostics, including in the Pacific.
- While Australia will not use the waiver in any form (and is not eligible to do so), our approach has been to ensure Pacific Island countries and other development partners do not face unnecessary barriers in responding to COVID-19.

Background

At MC12, WTO Members agreed to waive certain intellectual property obligations under the TRIPS Agreement for COVID-19 vaccines. This outcome included a commitment to decide within six months (by 17 December 2022) whether to extend the waiver to cover production and supply of COVID-19 diagnostics and therapeutics. Any extension must be agreed by all 164 Members.

Discussions in Geneva on extending the TRIPS waiver have not reached a consensus. The WTO General Council therefore agreed to defer the decision, with a new deadline to be set at the next General Council meeting (scheduled for 2-3 March 2023).

s33(a)(iii), s47C(1) and s47E(d)

On 16 December, the US announced it had tasked the United States International Trade Commission to review the global manufacture and supply of COVID-19 diagnostics and therapeutics. The report is due by 17 October 2023. The US intends to provide the resulting report to inform ongoing discussions on extending the TRIPS waiver.

INVESTMENT FACILITATION FOR DEVELOPMENT JSI

- The Investment Facilitation for Development Joint Statement Initiative (IFD JSI) negotiations are at an advanced stage, and proponents s33(a)(iii) are pushing to conclude negotiations as soon as possible. s33(a)(iii), s47C(1) and s47E(d)

Key Points

- Australia supports IFD JSI proponents' goal of concluding negotiations in early 2023, including to demonstrate the value of JSIs in making new rules. s33(a)(iii), s47C(1) and s47E(d)
- We have been encouraging participating WTO Members to maintain momentum in the negotiations, including by compromising or dropping proposals for unviable text. Our goal should be to build support for concluding the IFD JSI in early 2023.
- Australia is keen to work with other participating WTO Members to increase awareness of the IFD JSI and its potential benefits among non-participating Members and business.

Background

The WTO Investment Facilitation for Development Joint Statement Initiative (IFD JSI) is a WTO plurilateral initiative involving 112 WTO Members, aimed at creating a more transparent and predictable environment for investment and increasing developing country participation in global investment flows. Proponents, including s33(a)(iii) the Co-Coordiators Chile and Korea, want to conclude negotiations in early 2023. Participating Members missed the initial 'deadline' for concluding by MC12, largely due to COVID-19 interruptions.

s33(a)(iii), s47C(1) and s47E(d)

We have offensive interests in disciplines that promote transparency and predictability in the application of government measures on foreign investment. We have defensive interests in ensuring that any framework accommodates Australia's investment screening regime and visa processes; and we want to ensure that 'special and differential treatment', including technical assistance, is tailored to different Members' levels of development and demonstrated needs.

At the most recent round of negotiations from 14-16 December 2022, the Co-Coordiators proposed work along three complementary tracks in early 2023 to move the negotiations towards conclusion:

- reviewing the negotiating text, including to resolve or remove unviable text proposals and improve drafting clarity
- conducting needs assessments for developing Members to identify where they require legislative or regulatory reform before implementing the IFD JSI; and
- intensifying outreach to other Members in light of participants' aspiration to achieve a multilateral outcome.

- Views on the IFD JSI vary across the WTO Membership. s33(a)(iii), s47C(1) and s47E(d)

WTO SERVICES DOMESTIC REGULATION JSI

- The WTO Joint Initiative on Services Domestic Regulation (DR JSI) is the first set of WTO rules on services to conclude in more than twenty years.
- Australia is a co-leader of the DR JSI as it supports our systemic interests in supporting plurilateral WTO rule-making and commercial interests in providing greater transparency and efficiency to our services exporters operating in other markets.

s33(a)(iii), s47C(1) and s47E(d)

Key points

- Australia has been a leading proponent of the DR JSI since negotiations commenced in 2017.
- The DR JSI is the first set of WTO rules on services to conclude in more than twenty years. It is important that it is implemented as smoothly and as quickly as possible.
 - this will guarantee the enforceability of the DR JSI disciplines which provide greater transparency and efficiency of services regulation, creating annual savings of up to US\$150 billion to global service trade
 - it will also demonstrate the WTO's ability to deliver tangible commercial results for businesses and consumers, reinforcing the WTO's role at the centre of the rules-based international trading system
 - » and pave the way for further multilateral and plurilateral rule-making within the WTO.
- The DR JSI implementation process commenced on 20 December 2022 (Note: 59 out of 70 participants (including the US, China and the EU) commenced the certification process on this date).
 - Australia will commence certification of the DR JSI in the WTO as soon as possible following the completion of our domestic treaty-making process
 - » we anticipate this will be completed in the first quarter of 2023.
- The DR JSI builds on participating Members' existing commitments to promote greater transparency and efficiency of domestic services regulation
 - it provides benefits to all WTO Members on a non-discriminatory basis and is consistent with WTO rules.

Background

Negotiations on the WTO Joint Initiative on Services Domestic Regulation (DR JSI), involving 69 WTO Members and representing over 90 per cent of global services trade, concluded on 2 December 2021. One additional prospective Member has joined since negotiations concluded. The DR JSI disciplines seek to make the regulatory environment more conducive to business and lower trade costs for services suppliers by committing participating WTO members to certain

standards for regulatory best practice. These included ensuring government fees for licences and authorisation are reasonable and transparent; that applications for authorisation to supply a service are processed without undue delay; and encouraging participating Members to accept electronic documentation for applications for authorisation to supply a service. OECD and WTO research estimates that the benefits from implementing the DR JSI disciplines would result in significant cost savings for global service trade of up to US\$150 billion annually.

s33(a)(iii), s47C(1) and s47E(d)

All WTO Members have until 3 February 2023 to lodge any objections to these certification processes, otherwise they will (generally) become legally binding on these participants on 4 February 2023.

s33(a)(iii), s47C(1) and s47E(d)

TRADE AND DEVELOPMENT IN THE WTO: SPECIAL AND DIFFERENTIAL TREATMENT

- Australia has long supported effective special and differential treatment provisions (SDT) in WTO Agreements that enable developing and least developed countries (LDCs) to benefit from membership of the WTO.

s33(a)(iii), s47C(1) and s47E(d)


Key Points

s33(a)(iii), s47C(1) and s47E(d)

- Australia supports a range of aid programs designed to assist developing and least developed countries to engage in and benefit from the rules-based trading system, and to implement their WTO commitments.

Background

SDT provisions in existing WTO Agreements are negotiated outcomes granting developing countries special rights or flexibilities. These provisions include longer time periods for implementing agreements and commitments, specific measures to increase trading opportunities for developing countries, as well as requirements for all WTO members to safeguard the trade interests of developing countries. Additionally, other SDT provisions provide support for developing countries to build the capacity to carry out WTO work, handle disputes, and implement technical standards, including additional provisions relating to least developed country Members. In addition to longstanding proposals to expand SDT, many developing countries argue that there needs to be a re-balancing of commitments as part of WTO reform. On the other hand, most developed countries argue against allowing greater flexibility to implement rules and against the blanket application of SDT for all (self-determined) developing Members, saying SDT should



instead apply on the basis of demonstrated need. s33(a)(iii), s47C(1) and s47E(d)

Development issues are being considered in the context of WTO reform, with an informal 'retreat' to consider a way forward likely to be held in early 2023. s33(a)(iii), s47C(1) and s47E(d)

TRADE AND GENDER

- Australia supports work in the WTO to find ways to improve women's participation in global trade, and build collaboration on gender-responsive policy making and development programming.
- Trade and gender work in the WTO remains at an early stage – we see value in a detailed work program being developed [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)

Key points

- Australia supports trade and gender discussions in the WTO as they align with our goals of advancing gender equality and women's economic empowerment priorities, including in development programming.
- We have actively engaged in this work, including
 - leading on the aid for trade pillar of the trade and gender working group
 - supporting the WTO's first ever gender-related provision in the Services Domestic Regulation Joint Statement Initiative.
- Trade and gender discussions at the WTO remain at an early stage - we see value in a detailed work program being developed to guide and accelerate future work of the trade and gender working group [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)

Background

Australia is a founding member of the WTO's Informal Working Group on Trade and Gender (IWGTG) which was established in 2020, following the Buenos Aires Declaration at MC11. The IWGTG brings together 127 (out of 164) WTO Members and observers seeking to improve women's participation in global trade. [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)

A Co-Chair's statement at MC12 reinforced the existing pillars of the IWGTG's work: (1) sharing best practices and exchanging views on removing trade-related barriers to women's participation in trade; (2) considering the scope for a "gender lens" to be applied to the work of the WTO; (3) reviewing analytical work undertaken by the WTO Secretariat; and (4) contributing to the Aid for Trade work programme as a means of increasing women's participation in trade.

Australia is playing a leading role on the fourth pillar, with Australia's Ambassador for Women and Girls delivering a presentation on gender considerations in aid for trade programming to the IWGTG in 2021, and Australia's representative to IWGTG speaking on a similar topic at the first annual World Trade and Gender Congress hosted by the WTO Secretariat in December 2022.

[s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)



The WTO Secretariat has recently launched useful resources, including a Gender Research Hub and a database on gender-related provisions in Regional Trade Agreements. Gender provisions in Australia's FTAs include: commitments to promote gender equality and women's economic empowerment; cooperation activities to improve capacity and conditions for women, including for women-led businesses; and provisions establishing a forum for dialogue on trade and gender equality. The Australia-UK FTA is our first FTA to include a standalone chapter on gender. To date, none of Australia's FTAs apply dispute settlement mechanisms to gender provisions.

ENVIRONMENTALLY HARMFUL AGRICULTURE SUBSIDIES

- Reform of trade-distorting and environmentally harmful agricultural subsidies would contribute to global efforts to mitigate climate change and strengthen food security.
 - Most forms of agricultural support encourage production decisions that result in greater greenhouse gas emissions and environmental damage – potentially impacting future agricultural productivity and food security.
 - Agricultural subsidies can distort trade and depress world prices, which disadvantages unsubsidised producers, including in Australia and developing countries.
- Global efforts to achieve food security and tackle climate change demand that reform in agriculture trade rules.
 - Agricultural support levels are growing, and now estimated to be as high as USD817 billion.
 - this is around four times greater than estimated global aid flows [USD194bn, 2020]
 - It is more than double the figure of 20 years ago [2000-02, nominal terms].
 - The World Bank estimates that, without reform, global agriculture and land use emissions will double by 2040.
 - Agriculture and other land use already contribute 22 per cent to global greenhouse gas emissions.
 - Global food security prospects will worsen as climate change and other environmental damage increasingly impact agricultural productivity.
 - Global hunger levels are on the rise and so is the world's population [estimated to reach 9.8 billion by 2050] – the OECD estimates that we will need to double the current global agricultural productivity growth rate if we are to achieve the UN SDG goal of zero hunger by 2030.
 - Australia and the Cairns Group, which we chair, have been at the forefront of calls for agricultural trade reform at the WTO for over 36 years
 - given the failure to reach an outcome on long-term agricultural reform at the WTO's 12th Ministerial Conference, there is a need to reframe the debate
 - sustainability of global agricultural production both in terms of its effects on the environment and in meeting countries' requirements for food security offers a better basis for productive negotiation in the current international climate.
 - Major international organisations and UN agencies are also calling for urgent agricultural trade reform including to reduce environmentally harmful agricultural subsidies
 - the World Bank, the OECD (Organization for Economic Cooperation and Development) the FAO (Food and Agricultural Organisation), the UNDP (United Nations Development Programme) and the UNEP (United Nations Environment Programme) have all called for governments to redirect the most distortionary and harmful forms of support towards those that have positive environment and productivity outcomes.

Background

Between 2019 and 2021, 54 major countries (developed and large developing nations) provided USD 817 billion per year in support to agriculture, an increase of 13 per cent (or USD 97 billion) on the previous year (2018 to 2020).

OECD economies account for USD 350 billion of this farm support, with the EU and US accounting for two-thirds (USD 230 billion) of these outlays. Support from 11 emerging economies has grown strongly, reaching USD 464 billion per year, s33(a)(iii), s47C(1) and s47E(d)

Environmentally harmful support is typically directed to individual producers in the form of price support or direct payments. These subsidies change the economic incentives of farmers who alter their production decisions (what, where and how they produce) based on the type and extent of support provided, instead of market signals. These subsidies can have unintended negative impacts on the environment.

Agricultural land use already accounts for nearly a quarter of global emissions and is strongly linked to biodiversity decline.

Agricultural support contributes to higher GHG emissions and environmental damage in three main ways. Firstly, it leads to increased input use intensity, including synthetic pesticides, herbicides and fertiliser, can lead to increased toxic chemical, nutrient and GHG emissions. Secondly, it gives rise to increased livestock numbers, resulting in higher ruminant GHG emissions, nutrient emissions from waste, soil erosion, spread of invasive species, and biodiversity loss. Lastly, it is responsible for an increased water use, especially for irrigated agriculture, which can result in a range of environmental impacts including habitat loss and associated biodiversity decline.

A joint World Bank and International Food Policy Research Institute report published in January 2022 found that repurposing current agricultural public policies could deliver multiple benefits for people, the planet, and the economy. It reported that investing in climate-smart innovations that both increase agricultural productivity and reduce greenhouse gas emissions could reduce overall emissions from agriculture by more than 40 per cent, restore 105 million hectares of agricultural land to natural habitats, and reduce the cost of healthy foods, thereby also contributing to better nutritional outcomes.

Similarly, a joint report by the Food and Agriculture Organization, United Nations Development Program and United Nations Environment Program published in September 2021 called for a clear need for action at country, regional and global levels to phase out the most distortive, environmentally and socially harmful support, such as price incentives and coupled subsidies, and redirect it towards investments in public goods and services for agriculture, such as research and development and infrastructure, as well as decoupled fiscal subsidies.

Agricultural subsidies can also depress world prices disadvantaging unsubsidised producers by denying them competitive access to export markets and lowering prices in their domestic market.

Multilateral reform to agricultural trade rules to reduce WTO Members' entitlements to provide agricultural subsidies is an important step to adjust long-entrenched incentives away from those that promote environmentally and financially unsustainable production decisions thereby supporting global food security goals and supporting biodiversity and environmentally sustainable production systems.

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GLOBAL ECONOMIC OUTLOOK

- Economic headwinds experienced in 2022 are expected to continue into 2023, as tighter monetary policy constrains economic activity and global trade.
- Russia's invasion of Ukraine resulted in disrupted food and energy markets, increasing inflationary and cost of living pressures. Widespread monetary policy tightening in response will weigh on future economic growth.

s33(a)(iii), s47C(1) and s47E(d)

Background

The global economy is experiencing a broader, and sharper than expected slowdown. Global GDP growth is forecast to decline from 2.9 per cent in 2022 to 1.7 per cent in 2023 (World Bank). This is the weakest growth since 2001 (outside of the pandemic and the GFC). Major economies like the US and Europe face stagnant growth or sharp downturns, as monetary tightening combines with weaker consumption amid rising living costs. Although not currently forecast, a risk of global economic recession remains.

Similarly, growth in global trade is forecast to slow from 4.0 per cent in 2022 to 1.6 per cent in 2023 (World Bank). Weaker global output growth is expected to weigh on trade. Although supply-chain pressures have eased from the significant fractures experienced in 2021, disruptions remain.

Three main factors negatively impacting the global economy: Russia's invasion of Ukraine; rapid and synchronised monetary policy tightening; s33(a)(iii) These factors are causing persistent inflation, reducing confidence and increasing uncertainty, which combined have taken the momentum out of global economic growth.

Disrupted commodity markets are feeding into high energy and food prices. Higher cost of living and inflationary pressures have increased food insecurity and heightened political instability, while high energy prices have constrained industrial activity and prompted emergency policy responses. Although energy commodity prices have stabilised above pre-invasion levels for now, there is uncertainty around Russia's future exports and global supply. s47C(1) and s47E(d)

Sharp

reductions in global oil supply risk spikes in oil prices, with further implications for political stability and global economic growth.

Over 2022, the return of persistent and wide-spread inflation prompted aggressive interest rate rises in major economies. Higher interest rates constrain consumption and investment, ultimately weighing on economic growth. Balancing inflationary pressures and the pace of interest rate increases is difficult, and risks of sharper economic contraction remain.

Higher US interest rates have ricocheted across the global economy increasing the cost of USD-denominated energy and food commodity imports s33(a)(iii), s47C(1) and s47E(d) and increasing US Dollar borrowing and debt repayment costs and incentivising capital outflows, heightening financial vulnerabilities s33(a)(iii), s47C(1) and s47E(d) s33(a)(iii), s47C(1) and s47E(d)



s33(a)(iii), s47C(1) and s47E(d)



AUSTRALIA'S ECONOMIC OUTLOOK

- Australia's economic growth is forecast to slow over the next year, due to the global economic downturn, rising interest rates and falling real wages.
- Inflationary pressure in 2022 resulted the RBA increasing rates eight times between April and December. The RBA expect Australia's inflation to have peaked in the December quarter 2022, as some inflationary pressures eased and tighter monetary condition dampened consumption and investment.
- Australia's commodity exports are forecast to reach record levels in 2022-23, continuing to benefit from high global prices. However, high global prices are having flow-on impacts to the domestic economy, prompting policy changes to address high energy prices and cost of living pressures.

Background

The outlook for Australia's economy is solid, although the pace of economic growth is moderating. The Australian economy performed relatively well throughout COVID-19, as sound macroeconomic fundamentals, consistently strong exports and conducive monetary policy supported domestic consumption.

In 2022, domestic consumption was supported by high household savings, a rebound in services spending and record high terms of trade. Australia's economic growth is expected to weaken over the next few years, as higher interest rates, slowing global economic growth and cost of living pressures reduce consumption and investment. Australia's economic growth is forecast to slow to around 1.5 per cent in 2023 and 2024, down from 3 per cent in 2022 (RBA).

Australia's labour market remains tight, with labour shortages across a range of industry sectors. In November the unemployment rate was 3.5 per cent – a near 50-year low. Unemployment is forecast to remain around 3.5 per cent until mid-2023, before increasing to around 4.25 per cent by the end of 2024, as economic growth slows (RBA).

Like many major economies, Australia's high inflation is raising living costs and prompting monetary tightening. Inflation hit 6.9 per cent over the year in October, pushed by global factors as well as domestic demand outpacing supply. High global commodity prices, tight labour markets and supply-chain constraints have seen food, consumer goods and housing costs increase.

To address high inflation, the RBA undertook eight interest rate increases in 2022. The December increase brought the cash rate to 3.10 per cent (up from 0.10 per cent in April 2022). The RBA forecast inflation to peak at 8 per cent in the December quarter 2022, before declining to just above 3 per cent in 2024 (closer to the RBA's 2-3 per cent target range).

Volatility in global commodity markets has mixed impacts on Australia's trade and economy. Australia's resource, energy and agriculture exports are forecast to reach record levels in 2022-23, continuing to benefit from high global prices, while education and travel services exports are continuing to recover from COVID-19 impacts.

Although Australia's commodity exports benefit from high global prices, high import prices increase inflationary pressures and raise the cost of living. High global LNG and thermal coal prices have increased domestic energy costs, dampened economic activity and prompted policy

[REDACTED]

intervention. High energy prices are expected to add sustained inflationary pressure over coming years.

The deteriorating global economic outlook, particularly weaker growth in Australia's major trading partners, poses negative risks for Australia's economy. s33(a)(iii), s47C(1) and s47E(d)

These factors will influence global export demand and global prices for Australia's exports economic growth in Australia's trading partners trended below average in 2022 and is forecast at 3.5 per cent in 2023.

LEVEL PLAYING FIELD ISSUES AND COMPETITION

- s33(a)(iii), s47C(1) and s47E(d)
- Non-market practices undermine the competitiveness of Australian businesses overseas, the security of jobs, and the rules-based multilateral trading system we rely on.
- s33(a)(iii), s47C(1) and s47E(d)

Key points

- Australia supports efforts to address the level-playing field and competition issues caused by excessive systemic government intervention in markets.
s33(a)(iii), s47C(1) and s47E(d)

- Difficulties in collecting data and in measuring the impact of non-market practices has hampered discussions on how to address them. Australia supports work in international organisations, like the OECD, World Bank and IMF, to build an evidentiary base.

Background

Gaps in the WTO rules

While existing international rules provide a basis to regulate some non-market practices, significant gaps remain in these rules s33(a)(iii), s47C(1) and s47E(d)). Despite some efforts in the past, WTO rules are yet to address the potential for non-market practices by SOEs or set rules around competition. s33(a)(iii), s47C(1) and s47E(d)

In the absence of adequate WTO rules, some members, including Australia, have negotiated bilateral and regional rules on non-market practices, including FTA disciplines on competition policy, SOEs, designated monopolies and competitive neutrality. s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

CHINA ECONOMIC AND TRADE ISSUES

s33(a)(iii), s47C(1) and s47E(d)

Background

Australia-China trade relationship

Australia and China share deep economic complementarity and have had decades of mutually beneficial trade. China is Australia's largest trading partner (at \$285 billion in 2021-22, representing 27 per cent of Australia's total two-way trade in goods and services). It is also an important investment partner, as it is for many countries in the region – China ranked as Australia's sixth-largest source of foreign direct investment, worth \$46.3 billion in 2021 (an increase of 1.6 per cent year-on-year; 4.4 per cent of total investment). It is in the interest of both Australia and China for our relationship to stabilise, develop and for unimpeded trade to resume.

China trade impediments – Australia

Since 2020, China has imposed a range of measures that have impeded Australian exports.

s33(a)(iii), s47C(1) and s47E(d)

Australia is challenging China's duties on barley and bottled wine in ongoing WTO dispute settlement proceedings. No new trade restrictive measures against Australia have been applied since 2021.

Despite these measures, China was again Australia's largest goods export destination in 2021-22 (at \$172 billion, up 3 per cent compared to 2020-21). China also remained Australia's largest goods import source in 2021-22 (at \$102 billion, up 16 per cent compared to 2020-21).

s33(a)(iii), s47C(1) and s47E(d)

The positive and constructive discussion between the Prime Minister and President Xi (14 November 2022) in Bali, and the Foreign Minister's subsequent visit to Beijing (21 December) were important steps towards stabilising our relationship and produced an agreement to restart dialogue,

[REDACTED]

including about trade but there are further steps to take. We support bilateral dialogue – at all levels – that sees trade impediments resolved.

s33(a)(iii), s47C(1) and s47E(d)

China's Economic Outlook

China's ongoing prosperity and development are of great consequence for Australia and the world. s33(a)(iii), s47C(1) and s47E(d)

RUSSIA/UKRAINE

- Russia's invasion of Ukraine is causing immense human suffering and hurting the global economy, constraining growth, disrupting trade, and heightening food and energy insecurity. The invasion is a gross violation of international law, including the Charter of the United Nations.
- Australia has consistently condemned Russia's illegal and immoral invasion of Ukraine having:
 - joined the G7 price cap on Russian oil (seeking to moderate the impacts of the war on energy prices), and
 - called on Russia to participate in the Black Sea Grain Initiative (to reduce the price of essential grains, cereals, and oils).
- Australia is proud to have contributed important defence (AUD 475 million), economic and humanitarian assistance (AUD 65 million) to Ukraine. Australia will continue to consider all Ukrainian requests for assistance.

Background

Australia has worked with our partners to support Ukraine and hold Russia accountable for its actions. Australia has implemented a comprehensive suite of measures to maintain pressure on Russia, including **targeted financial sanctions** to inflict heavy costs on those responsible (*874 individuals; 63 entities*) as well as a suite of trade sanctions and an additional 35 per cent tariff on goods produced by Russia or Belarus.

s33(a)(iii), s47C(1) and s47E(d)

Russia's invasion of Ukraine has adversely impacted the global economy, with widespread energy, commodity, and trade disruption. This is slowing global growth, alongside other major contributing factors (high inflation and tightening monetary policy and slowing economic growth in China). *s33(a)(iii), s47C(1) and s47E(d)*

The war, including Russia's cessation of gas supplies to much of Europe, has contributed to the economic slowdown in Europe. The war has significantly increased energy prices and living costs. The permanent restructuring of global trade flows, particularly for energy commodities, will have ongoing economic impacts as markets remain tight into winter 2023.

[REDACTED]

Collective sanctions are negatively impacting Russia's economy, but food and agricultural commodities (aside from a limited number of luxury goods such as lobster and caviar) are not sanctioned by Australia. Russia has done its part to reduce global food supplies by destroying Ukraine's agricultural land and facilities for processing and exporting staple food and disrupting regular trade through the Black Sea.

ENERGY ISSUES

- Russia's invasion of Ukraine has added to upward pressures on energy costs, following the global economic recovery from COVID, leading to very high prices for gas, coal and oil.
- Australian energy exports (principally gas and coal) make a significant contribution to global markets, and Australia's energy sector attracts a range of investors from around the world.
- Australia has joined the G7 in implementing a price cap on Russian crude oil, designed to stop Russia profiting from higher oil prices and curtail Russia's ability to fund its invasion of Ukraine.
- On 9 December, the Australian Government announced its Energy Price Relief Plan (the Plan), to shield Australian households and businesses from the worst impacts of rising energy prices:
 - the Plan includes a price cap on some domestic gas and coal sales
 - » this may concern some international investors.

Background

Oil Price Cap

The Minister for Foreign Affairs and the Treasurer announced on 20 September that Australia would join the G7 in implementing a price cap on Russian crude oil. Australia and the G7 agreed on 2 December that the initial price cap for Russian crude oil will be USD60 per barrel. The price cap came into effect on 5 December. [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)

The price cap is designed to stop Russia profiting from higher oil prices and curtail Russia's ability to fund its invasion of Ukraine. The price cap also aims to support stability in global energy markets and moderate the impact of Russia's war on global energy prices by keeping Russian oil supplies on the market. [s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)

As part of the price cap, firms in participating jurisdictions are allowed to provide the maritime and financial services enabling the transport of Russian oil to third countries if that oil is sold at a price above the cap. The EU and the UK are significant global providers of these services.

[s33\(a\)\(iii\)](#), [s47C\(1\)](#) and [s47E\(d\)](#)

Australia's Energy Price Relief Plan (the Plan)

Under the Plan, the Australian Government has:

- introduced a temporary 12-month emergency gas price cap, to be set at \$12 per gigajoule on new wholesale gas sales by domestic producers, and
- worked with the New South Wales and Queensland State Governments to set an effective price ceiling of \$125 per tonne on thermal coal used for domestic electricity generation in those states.

s33(a)(iii), s47C(1) and s47E(d)

Additionally, the Australian Government is currently consulting on a mandatory code of conduct for the wholesale gas market that includes a reasonable pricing provision. Treasury has released a discussion paper on the proposed code of conduct and consultations close on 7 February 2023.

s33(a)(iii), s47C(1) and s47E(d)

Australian Domestic Gas Security Mechanism (ADGSM)

The Australian Domestic Gas Security Mechanism (ADGSM) allows the Australian Government to manage Australia's gas exports in the event of a domestic gas shortfall. On 25 October, the Government announced it had concluded its review of the ADGSM and that it would be reforming the ADGSM to:

- introduce measures to protect long-term foundational contracts;
- improve its flexibility to respond to forecast domestic shortfalls by moving to quarterly consideration of whether the ADGSM should be activated; and
- ensure sufficient gas is supplied to the domestic market.

s33(a)(iii), s47C(1) and s47E(d)

The ADGSM remains a measure of last resort to protect Australia's domestic energy security.

On 9 December, at the same time as the Energy Price Relief Plan was announced, the Government announced the start date for the ADGSM reforms will be brought forward from 1 July 2023 to 1 April 2023. The Department of Industry, Science and Resources is currently consulting stakeholders on the detail of these reforms.

s47C(1) and s47G(1)

FOOD SECURITY

- We are deeply concerned at the rising levels of food insecurity globally: the combined effects of climate change, the COVID-19 pandemic and conflict have resulted in the largest food security crisis in modern history.
- Continued high fertiliser prices may have long term implications for agricultural productivity and food availability in Southeast Asia, the Pacific and across the world.
- Addressing the root causes of food insecurity, helping to build long-term resilience of food systems, adhering to rules-based trade, and refraining from introducing trade barriers are key to helping countries absorb market and climate shocks.

Background

Australia is deeply concerned at the rising levels of food insecurity globally. The combined sustained effects of climate change, the COVID-19 pandemic and conflict have resulted in the largest food security crisis in modern history. The World Food Programme's (WFP) latest estimates show up to 349 million people across 79 countries face acute food insecurity, an increase of almost 200 million people since 2019.

Climate change is multiplying food security threats, exerting increased pressure on already stressed food systems. The Indo-Pacific is one of the regions most exposed to climate change risks. Agricultural and fisheries production are highly vulnerable to climate change and climate extremes (such as those exerted by droughts and floods), and these climate disruptions impact all dimensions of food and nutrition security (availability, access, utilisation, and stability). The Horn of Africa is facing its longest drought period in over 40 years. This has driven people from their lands and increased conflict risk. As a result, up to 26 million people are expected to face crisis levels of food insecurity in Somalia, southern and eastern Ethiopia and northern and eastern Kenya.

Food prices, energy and fertiliser costs were exacerbated by Russia's illegal invasion of Ukraine and reached record levels in March 2022. Global food prices have eased since the resumption of shipping through the Black Sea Grain Initiative (BSGI), but they remain higher than before the global pandemic [see *Russia/Ukraine brief for Australia's position on the BSGI*]. High food prices disproportionately impact poor households and net food importing countries, driving millions more into extreme poverty, and magnifying hunger and malnutrition.

While the global response has focused on grain-import dependent countries in the Middle East and Sub-Saharan Africa, it is critical to acknowledge the global nature of this crisis. Continued high fuel prices have kept transport costs high, affecting many countries that rely on food imports. Continued high fertiliser prices may have long-term implications for agricultural productivity and food availability in Southeast Asia, the Pacific and across the world.

Australia urges countries to avoid imposing export restrictions on food and fertilisers. These measures lead to a decline in global agricultural production and increase prices, potentially prolonging the current food security crisis. Agricultural support policies, such as trade barriers and subsidies that promote domestic production, might initially sound appealing, but experience and evidence show that these measures can ultimately weaken agricultural sectors, promote

environmentally harmful production decisions, slow economic growth, and hurt rural livelihoods and food security in other countries.

Australia is responding to growing global food insecurity by:

1. continuing to provide high levels of humanitarian assistance through trusted organisations such as WFP to deliver lifesaving food assistance to those most in need
2. providing financial and technical assistance to address the root-causes of food insecurity and help build long-term food resilience
3. supporting the development of social protection systems that provide a safety net for those affected by the food price crisis, and
4. advocating for open, transparent, and predictable agricultural trade and for avoiding export restrictions on food and fertilisers.

The Government has responded to the food crisis through humanitarian partners including current commitments to the World Food Programme (WFP) valued at \$63 million (as of 15 November 2022 over the period of 2022-23) which comprises funding to the Horn of Africa and Yemen (\$10 million), core funding to support global operations (\$40 million), and additional funds to Afghanistan (\$8 million) and Pakistan (\$5 million). In addition, Australia provided \$157 million in funding to WFP (2021-22), which includes core funding (\$38 million) and funding for specific crises such as Ukraine (\$10 million), Afghanistan (\$44.5 million) and Sri Lanka (\$22 million). A further \$5 million has been provided to Australian non-government organisations in the Emergency Action Alliance (EAA) to provide emergency assistance to the Horn of Africa.

Australia supports long term food resilience through investing in long term agricultural development (\$213 million in expenditure in 2021-22).

Australia Partnership with WEF for Grow Asia [see *Australia and WEF Engagement brief*]

From 2014 to 2022, Australia invested \$15.6 million in a 'Grow Asia' partnership with the World Economic Forum (WEF) to strengthen sustainable and inclusive agricultural development and food security in the ASEAN region. Grow Asia comprises country-based networks of agribusinesses, farmers, governments and non-government actors who work together to improve the operation of agricultural value chains that source from smallholder farmers.

Our current agreement with Grow Asia will conclude at the end of March 2023. This brings the second phase of the agreement to a close and we have indicated to the WEF that we will not be entering into a new phase. This is in line with the original intention of our engagement, which was to provide "anchor donor" funding support to get Grow Asia established and then to have it stand on its own merits. Grow Asia will continue. It has been very active in seeking funding from other donors and the private sector. At this stage we have no plans to contribute further to Grow Asia.

SUPPLY CHAIN RESILIENCE

- Australia supports thinking more strategically about global supply chains and is continually assessing for risks, vulnerabilities and excessive market concentrations affecting Australia's imports.
- Open markets and the rules-based trading system are the bedrock of resilient supply chains.
- Open trade allows firms to diversify their suppliers and markets in preparation for global supply chain disruptions, and find alternative sources when disruption occurs.

Background

COVID-19, China's lockdowns and the ongoing impacts of Russia's invasion of Ukraine highlighted the fragility of many critical global supply chains and have directly impacted key sectors of Australia's economy.

For those supply chains that are important to the wellbeing of Australians, for example the most critical medical and pharmaceutical products, building resilience is about ensuring these supply chains can cope, adapt and transform in times of need.

Working with likeminded partners to diversify vulnerable supply chains and identifying opportunities for Australian industry to contribute to these efforts are important ways to help manage the risks associated with supply chain vulnerabilities and excessive market concentrations.

s33(a)(iii), s47C(1) and s47E(d)

TRADE DIVERSIFICATION

- Trade diversification is the central plank of the Government's trade policy strategy
 - to enhance business resilience and support Australian exporters expand into new markets.
- How we trade, who we trade with, and what we trade needs to reflect our current strategic moment and the challenges we face.
- It is encouraging that some Australian businesses and industries have succeeded in diversifying their export markets, but we do not underestimate the challenge
s33(a)(iii), s47C(1) and s47E(d)

Key Points

- We start from the position that decisions to diversify trade are ones for businesses to make
 - effective trade diversification enhances Australia's resilience to economic disruption in the long term
 - we understand that diversification is not easy or straightforward for all sectors and takes time and costs money.
- The Government has an important role to play in supporting businesses to be able to diversify trade, including by:
 - keeping global markets open and trade functioning
 - advocating for free, open and rules-based global trade
 - delivering new trade agreements and expanding strategic relationships with key trading partners through
 - » leveraging our existing network of FTAs to keep providing better business opportunities (16 in total in force, with 28 countries. The India ECTA will come into force on 29 December 2022 and the UKFTA is expected to come into force in 2023)
 - » working to secure further agreements that will secure a competitive edge for Australian businesses in key markets (including with the EU)
s33(a)(iii), s47C(1) and s47E(d)
 - signing the landmark Green Economy Agreement (GEA) with Singapore.
 - strongly engaging with business, civil society, and other stakeholders to share DFAT's political and strategic insights and to ensure policy development is informed by business experience
 - » including through establishing a cross-sectoral Trade 2040 Taskforce
 - working to remove non-tariff barriers and expand market access opportunities for Australian exporters
 - continuing to monitor for disruptions and critical vulnerabilities in Australia's supply chains.

s33(a)(iii), s47C(1) and s47E(d)

CRITICAL MINERALS

- Australia has a full suite of critical minerals projects across varying stages of progress.
- We want to encourage more private sector funding, through equity and offtake.
- Building more diverse and resilient critical minerals supply chains will take a sustained and persistent effort between Australia and likeminded partners, led by the private sector with strategic government interventions.

Background

Critical minerals supply chains are opaque, concentrated, and vulnerable to disruption. This creates risk and price volatility, affecting the ability of projects to secure investment. Australia is working with international partners to attract investment and offtake deals and provide financial support to help catalyse the sector. Critical minerals cooperation is being progressed with s33(a) partners as well as through the International Energy Agency, Energy Resource (iii) Governance Initiative, the Conference on Critical Minerals (EU, US, Japan, and Canada) and the US-led Minerals Security Partnership.

The \$2 billion Critical Minerals Facility administered by EFA supports advanced projects where private sector finance is unavailable or inadequate and where projects align with the objectives of the Critical Minerals Strategy. The Facility also serves to 'crowd in' private sector finance, in the knowledge that the Government is willing to partner on these important projects.

The 2022 Budget committed \$50.5 million for a critical minerals Research and Development Hub and \$50 million for a grants program to de-risk early and mid-stage projects, coinciding with the Government's announcement that it would develop a new National Critical Minerals Strategy (open for consultation). The government has also committed \$1 billion to the Value-Adding in Resources Fund to develop midstream capability, delivering investment through loans, equity, and guarantees for businesses who work in value-adding and mining science.

North American and Asian international firms, (e.g. Tesla, Ford, General Motors, POSCO, Hyundai, LG Energy Solutions) are striking investment and offtake deals directly with Australian projects.

Australia's Priority Bilateral Partners

European Union

At the EU-Australia Leader's Meeting on 16 November 2022, Australia and EU Leaders agreed to early discussions on establishing a bilateral partnership on critical minerals. Australia's EC submission (which is now public) on the draft Act highlighted how Australia can be a key partner for Europe to address supply chain concerns.

France

In January 2022, France released its "Varin Report", which led to the creation of a €1 billion investment fund (not yet operational). France is focused on building its sovereign capability but wants to build stronger commercial links with Australia.

Germany

In 2019, Germany revised its 2010 Raw Materials Strategy s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

United States

To strengthen critical minerals supply chains and support domestic production, the **US Inflation Reduction Act (the Act)** includes tax credits for US-assembled EVs with critical minerals extracted and processed in the US and its FTA partners.

s33(a)(iii), s47C(1) and s47E(d)

Republic of Korea (ROK)

The ROK is actively seeking to secure critical minerals supplies. In December 2021, Australia and the ROK signed a Memorandum of Understanding on Cooperation in Critical Mineral Supply Chains and established the Australia-ROK Critical Minerals Working Group.

Japan

Japan has an international resource strategy to secure critical minerals. In October 2022, Australia and Japan signed a Critical Minerals Partnership to help build secure supply chains for critical minerals. s33(a)(iii), s47C(1) and s47E(d)

India

India has significant mineral endowments of its own, a large s33(a)(iii) mining industry, and ambitions to modernise and expand its own mining sector. Under the 2022 Australia-India Critical Minerals Investment Partnership, both countries contributed US\$3 million for due diligence to support a potential Indian investment in an Australian critical minerals project.

Canada

Canada's recently announced Critical Minerals Strategy includes \$4.3 billion to ramp up the production and processing of critical minerals. The Canada-led Sustainable Critical Minerals Alliance (which includes Australia, France, Germany, Japan, the UK and US) met at December's COP15 UN Biodiversity Conference in Montreal "to drive the global uptake of environmentally sustainable and socially inclusive and responsible mining, processing and recycling practices and responsible critical minerals supply chains."

s33(a)(iii), s47C(1) and s47E(d)

CLIMATE CHANGE AND GREEN ECONOMY

- Australia is delivering real, credible and comprehensive climate action
- Australia is well positioned to become a renewable energy superpower
- Ambitious government partnerships and record clean energy spending are unlocking significant opportunities for international investors across Australia's renewables and green economy

Key Points

- The Australian Government is delivering real, credible and comprehensive climate action at home, and taking an ambitious and constructive role in driving global solutions to climate change.
 - We are proud to have taken an active and constructive role at this year's annual climate conference (COP27) in Sharm el-Sheikh, Egypt.
- Recognising the importance of ambition and charting our path to net zero emissions, the Australian Government submitted an updated Nationally Determined Contribution (NDC) in June as one of its first actions as an incoming government and has legislated its 2030 (43 per cent) and 2050 (net-zero) emissions reduction commitments.
 - We are backing those commitments with record funding of almost \$25 billion in clean energy spending, including funding for projects that unlock significant opportunities for investors across Australian renewables and the country's growing green economy.
- Our new position on climate has been warmly received, and we are backing our words with actions
 - we have joined Pacific leaders in declaring that the Pacific is facing a climate emergency and announced our bid to co-host with the Pacific the 31st UNFCCC Conference of Parties (COP31) in 2026
 - we have committed to increasing Australia's ODA to the Indo-Pacific by more than \$1.4 billion over four years, which will include more climate action
 - we will support our Pacific partners to prepare for and respond to climate change and natural disasters, and
 - in Southeast Asia, we will work together with ASEAN and other partners towards a more prosperous future in the face of climate change – powered by cleaner and cheaper energy as countries progress in their transition plans towards net zero emissions.
- Australia is well positioned to become a renewable energy superpower
 - we have a natural comparative advantage in renewable energy resources, reputation as a trusted global energy trade partner, proximity to key clean energy trade partners and stable regulatory environment
 - this presents unique opportunities for Australia to export clean energy, and environmental goods and services.

- To realise this vision, Australia will need to ensure the right regulatory settings for inbound FDI, such that we remain attractive destination for international investment into renewable energy sectors
 - Australia is ranked sixth in the world on EY's latest Renewable Energy Country Attractiveness Index for renewable energy investment and deployment opportunities, driven by growth in government funding, abundant natural resources, and our ability to develop solutions for global supply chains, especially in critical and battery minerals.
- International partners continue to recognise that Australia's natural and institutional advantages offer extensive investment opportunities in clean hydrogen, renewables – wind, solar, energy storage, microgrids and future fuel technologies
 - Australia attracted 10 renewable energy projects in the first half of 2022 (according to fDiMarkets), worth a total of US\$6.4 billion. This includes investments by Italy's Enel Green Power and Belgium-based Nyrstar.
- The Government is committed to strengthening Australia's global partnerships
 - we are working closely with international partners to advance practical action on climate change, enhance exports and build new clean energy industries.
- Australia has international clean energy partnerships with Germany, Singapore, Japan, India, the Republic of Korea, the United Kingdom and the United States
 - we are cooperating to support regional and global energy transformation, increase and diversify clean energy supply chains, collaborate on technology development and build new clean trade opportunities for Australia
 - » our focus areas include hydrogen, solar PV, energy storage, green metals (steel and aluminium) and advanced renewable energy integration technologies.
- The first-of-its-kind Singapore-Australia Green Economy Agreement (GEA) was signed in October 2022
 - through the GEA, Australia and Singapore are laying the foundations to promote cross-border trade and investment across green economy sectors to assist both nations to advance their net zero ambitions.
 - including facilitating flows of environmental goods and services, investment through aligning green financing frameworks, and cross-border electricity trade.
- Australia is also strengthening its international cooperation to help build secure supply chains for critical minerals, which are crucial elements of clean energy technologies to help countries meet net-zero commitments, including

s33(a)(iii), s47C(1) and s47E(d)

Talking Points

***If raised:* Given Australia's criticism of the EU CBAM, why are you now contemplating introducing your own CBAM?**

- Australia is committed to being part of the solution to addressing climate change and lowering greenhouse gas emissions globally.
- We are conscious of the importance of tackling carbon leakage and appreciate the EU's rationale for developing its Carbon Border Adjustment Mechanism (CBAM).
- We continue to have concerns with certain aspects of the EU's draft CBAM given we do not yet know the detail of its scope and how it will be implemented,
 - including whether/how CBAM will take into account different emissions reductions policies, not just explicit carbon pricing
 - we are engaging constructively with the EU on these concerns.
- We will continue to work with international partners on multilateral efforts related to carbon leakage, including at the OECD and WTO.
- Australian industry has expressed a strong interest in addressing carbon leakage and in an Australian Carbon Border Adjustment Mechanism (CBAM).
- Australia will commence a review this year to explore policy options to prevent carbon leakage.
- Carbon leakage can be addressed in a number of ways, and the review will consider the most appropriate way to prevent carbon leakage in the Australian context.
- We will not pre-empt the outcomes of this review.
- The review will include consultations with key international partners on how to design approaches that best ensure consistency between our climate change and trade objectives.

EU CARBON BORDER ADJUSTMENT MECHANISM (CBAM)

- The EU plans to tax imports of high emissions goods from countries without an explicit carbon price through its Carbon Border Adjustment Mechanism (CBAM), as a way of dealing with the problem of carbon leakage.
- s33(a)(iii), s47C(1) and s47E(d)

Key points

- The EU will likely release the final form of its Carbon Border Adjustment Mechanism (CBAM) shortly, given EU institutions have reached provisional agreement on the text
 - it is anticipated that CBAM will operate from 1 October 2023, with charges to be levied from 2026.
- s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

- Australia will continue to work on multilateral efforts related to carbon leakage, including at the OECD and WTO, to maximise consistency with open trade objectives.

Background

The EU's draft regulation for a CBAM was released in July 2021 as part of the EU's 'Fit for 55' climate package, which seeks to provide a roadmap for the EU to cut greenhouse gas emissions in line with its ambitious climate targets (55 per cent reduction on 1990 levels by 2030 and net zero by 2050). The proposed CBAM will place a fee/charge on imported products not already paying a carbon price or covered by an emissions trading scheme in the country of origin.

We have been engaging with the EU on CBAM through multiple channels, including in trade and environment discussions at the WTO, through our embassy and senior officials visits in Brussels,

[REDACTED]

and in capital-to-capital engagement with the Directorate-General Taxation and Customs Union (TAXUD – the EU Directorate responsible for CBAM). s33(a)(iii) and s33(b)

On 13 December, the European Parliament and the Council of the EU reached a provisional agreement on the CBAM. Details of the deal are incomplete and a revised text of the regulation is yet to be released. According to a European Parliament media release, CBAM will cover iron and steel, cement, aluminium, fertilisers and electricity, as proposed by the Commission, and extended to certain precursors, indirect emissions under certain conditions, hydrogen, and some downstream products such as screws and bolts and similar articles of iron or steel. Under the provisional agreement, CBAM will begin to operate from October 2023 (rather than 1 January 2023 which the EU had been aiming for). On 18 December, the European Parliament and the Council of the EU also agreed to phase in CBAM charges at the same speed that the free allowances in the ETS will be phased out. The CBAM will therefore start in 2026 and be fully phased in by 2034.

The draft regulation must be formally agreed between the European Commission, the European Parliament and the Council of the EU in order to be finalised and enter into force.

s33(a)(iii), s47C(1) and s47E(d)

s47C(1) and s47E(d)

. The impact of the expanded scope will be clear once regulation is finalised and adopted.

s33(a)(iii) and s33(b)

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

SAFEGUARD MECHANISM REFORMS AND CARBON LEAKAGE

- The Government is reforming the Safeguard Mechanism to ensure Australia's largest emitters play their part in meeting our national targets and has recently released a proposed design of the reforms.
- Recognising the strong stakeholder interest in an Australian CBAM, the Government will undertake a review in 2023 to explore policy options to prevent carbon leakage.

Key Points

- The Australian Government is reforming the Safeguard Mechanism to ensure Australia's largest emitters play their part in meeting our new ambitious national targets (2030 target to reduce emissions by 43 per cent below 2005 levels, net zero emissions by 2050).
- Strong action is needed to remain competitive in a decarbonising global economy, tackle the climate crisis, and to meet Australia's legislated emission reduction targets.
- The Safeguard Mechanism requires Australia's largest greenhouse gas emitters to keep their net emissions below an emissions limit (a baseline).
- It covers any facility that emits over 100,000 tonnes of scope 1 (direct) emissions in a financial year – this includes facilities in the mining, manufacturing, transport, oil, gas and waste sectors.
- The government will also undertake a review of further policy options to prevent 'carbon leakage', as many stakeholders raised this as an important policy consideration in their submissions.
- Carbon leakage can be addressed in a number of ways, and the review will consider the most appropriate way to prevent carbon leakage in the Australian context, including a potential Australian CBAM.
- The review will include consultations with key international partners on how to design approaches that best ensure consistency between our climate change and trade objectives.
- We will continue to work with international partners on multilateral efforts related to carbon leakage, including at the OECD and WTO.

s33(a)(iii), s47C(1) and s47E(d)

Background

[REDACTED]

On 10 January 2023, Climate Change and Energy Minister Bowen released a proposed design of the Safeguard Mechanism reforms through a position paper and draft rules. The Government will be consulting on the proposed design until 24 February, building on consultations undertaken in August and October last year. Officials will undertake industry roundtables and take public submissions to inform the final rules for the scheme to commence in July 2023.

With the industrial sector projected to overtake electricity as Australia's leading source of emissions, a fit for purpose Safeguard Mechanism is critical to meeting our ambitious climate targets while maintaining our competitiveness in a decarbonising global economy, in which consumers and investors are demanding lower emissions for goods and services. The reforms will also help demonstrate how Australia is reducing the emissions intensity of the goods we export to other countries that are implementing or considering CBAMs.

The government is proposing to dedicate \$600 million to help trade-exposed Safeguard facilities reduce their emissions, to ensure they are not competitively disadvantaged relative to international competitors and that emissions do not "leak" overseas. In addition, the government has announced it will commence a review this year to explore additional policy options to prevent carbon leakage. The review will consider a range of policy options, including an Australian CBAM. The review will include consultations with key international partners on how to design approaches to carbon leakage that best ensure consistency between our climate change and trade objectives.

NET-ZERO TRANSITION (INCLUDING HYDROGEN)

- Australia has a strong pipeline of hydrogen projects valued at \$185 billion.
- We want to encourage more private sector investment and support offtake.

Background

Australia's National Hydrogen Strategy, published in 2019, seeks to develop a globally competitive clean hydrogen industry in Australia. Federal, state and territory Governments have committed over \$4 billion in funding, established regional hydrogen hubs, hydrogen regulations, and invested in research and development.

Through its \$525 million Regional Hydrogen Hubs Program, the Government is supporting the establishment of hydrogen hubs in regional areas including Townsville, Gladstone, the Hunter, Bell Bay, Kwinana, Port Bonython and the Pilbara.

As part of the Driving the Nation Fund, the Government is investing \$80 million to establish 'hydrogen highways' to deliver up to 16 refuelling stations on Australia's busiest freight routes.

In the 2022-23 budget, the Government announced a further \$2.2 million to progress development of a domestic Guarantee of Origin scheme. The proposed scheme will provide a voluntary mechanism to track and verify emissions associated with hydrogen and other products made in Australia and is being followed with great interest internationally.

Australia has bilateral international clean energy partnerships in place with Germany, ROK, Japan, India, the United Kingdom, United States and Singapore that all include hydrogen. Hydrogen cooperation is also being progressed through multilateral fora such as the International Partnerships for Hydrogen Fuel Cells in the Economy and Mission Innovation's Hydrogen Mission.

Australia has a \$185 billion pipeline of hydrogen projects, though only a small number have reached final investment decision. Key projects include CWP Global's 26 Gigawatt (GW) Australian Renewable Energy Hub and Intercontinental Energy's 50 GW Western Green Energy Hub, both based in Western Australia. Exports are expected to commence in 2026 and 2030 respectively.

Japan is expected to become a key market for Australian hydrogen and derivatives by 2050. There is already strong demand for green hydrogen and ammonia imports from key industry players (INPEX, Kawasaki Heavy Industries, Mitsubishi, Marubeni, Kansai Electric Power Company, Iwatani Corporation, ENEOS) working on a range of hydrogen production projects in Australia.

Clean hydrogen is expected to play a role in green iron and steel. Rio Tinto and BlueScope have announced MOUs with German company ThyssenKrupp to explore using hydrogen in steelmaking.

Korea's POSCO is working with Fortescue Future Industries to advance green iron technologies.

s33(a)(iii), s47C(1) and s47E(d)

s33(a)(iii), s47C(1) and s47E(d)

International Clean Energy Partnerships

Germany

Australia and Germany are working together to advance development of a global renewable hydrogen industry, including through the *Australia-Germany Hydrogen Accord*. Australia and Germany have committed to three initiatives under the Accord: (1) a Hydrogen Innovation and Technology Incubator; (2) facilitating industry-to-industry cooperation on demonstration projects in Australian Hydrogen Hubs; and (3) exploring options to facilitate trade of Australian hydrogen and its derivatives produced from renewable energy sources (including through H2Global, a hydrogen contract for difference scheme launched in late 2022).

Republic of Korea (ROK)

The 2021 *Australia-Republic of Korea Low and Zero Emissions Technology Partnership (LZETP)* commits Australia to bilateral collaboration with ROK on technologies, including clean hydrogen and clean ammonia supply; low emissions iron ore and steel; hydrogen fuel cell electric vehicles and hydrogen power generation. Australia committed \$50 million to the LZETP, which ROK agreed to match, subject to domestic processes.

Japan

The *Australia-Japan Partnership on Decarbonisation through Technology*, signed in June 2021, advances cooperation on decarbonisation, including for hydrogen, ammonia, and low emissions iron ore and steel. A \$150 million *Australian Clean Hydrogen Trade Program* announced in 2022, seeks to support Australia-based hydrogen supply chain projects focused on export to Japan.

India

Australia and India are cooperating to accelerate the production and deployment of renewable energy technologies to reduce global emissions. Through the *Australia-India Letter of Intent on New and Renewable Energy Technology*, we agreed to enhance research and industry linkages, including scaling up manufacture and deployment of solar photovoltaic panels and clean hydrogen technologies.

United Kingdom

Through the *Australia-UK Clean Technology Partnership*, Australia and the UK are exploring cooperation to decarbonise heavy industry, which is a major source of emissions for both economies, in support of economic growth and innovation.

United States

The *Australia-United States Net Zero Technology Acceleration Partnership* aims to accelerate the development and deployment of zero emissions technologies to support decarbonisation goals. The partnership establishes a framework for practical cooperation on hydrogen, energy storage, digital electricity grids, and carbon dioxide removal.

Singapore

Australia and Singapore have established a \$30 million partnership for the accelerated development and deployment of low emissions fuels and technologies (including clean hydrogen) to reduce maritime and port emissions.

AUSTRALIA AND WEF ENGAGEMENT

s33(a)(iii), s47C(1) and s47E(d)

Key Points

- The World Economic Forum (WEF) is a Geneva-based NGO that bills itself as the international organisation for public-private cooperation
 - it is primarily funded by its approximately 1,200 member companies, and
 - regularly attracts G20 Heads of State, global business CEOs and civil society leaders to its in-person and virtual events.
- Former Finance Minister Cormann was the last Australian Minister to attend the WEF's Annual Meeting in Davos in person in 2020
 - planned events in 2021 (January and August) were cancelled due to COVID concerns, and the postponed 2022 meeting coincided with the Australian federal election.
- WEF has increased its engagement with the Australian Government in recent years
 - including by sending a series of delegations to Australia in 2022 to engage with Australian governments and industry.
- The Australian Government has also increased engagement, including
 - Prime Minister Albanese spoke briefly to WEF founder Professor Schwab in the margins of the ASEAN Summit (Phnom Penh, November 2022), on private sector roles in responding to climate change
 - Minister Gallagher met regional WEF representatives during their visit to Canberra in September 2022 to pitch Australian involvement in a WEF Gender Parity Accelerator
 - former Prime Minister (Morrison) provided a virtual address to WEF's State of the World event in January 2022, and
 - former Trade, Tourism and Investment Ministers (Birmingham and Tehan) were members of WEF's Stewardship Board for Trade and Investment (2020 – 2022).
- Prior to the pandemic, Finance and Trade Ministers led Australia's delegations to Davos (from 2016–20), with former Prime Minister Abbott the last Australian Prime Minister to attend in 2014.
- DFAT has partnered with WEF to deliver three partnership programs, including
 - 'anchor donor' funding of \$12 million over two phases from 2015–22 for the *Grow Asia* multi-stakeholder partnership to increase the scale and impact of agribusiness ventures in the ASEAN region and PNG (due to conclude in March 2023)
 - \$400,000 from 2018–2021 for the *Piloting Facilitation 2.0: Advancing E-Commerce, Investment and Trade Facilitation for Development in Papua New Guinea* to advance

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business-focused reforms to trade facilitation, investment and e-commerce in PNG
s33(a)(iii), s47C(1) and s47E(d)
and

– \$2.5 million from 2017–2021 for the *Global Alliance for Trade Facilitation (GATF)* supporting collaboration between governments, businesses and international organisations to facilitate trade in developing and least developed countries s33(a)(iii), s47C(1) and s47E(d)

GENDER EQUALITY

- The Australian Government has a steadfast commitment to advancing gender equality and the human rights of women and girls at home, in our region and globally.
- Gender equality is a priority across the breadth of Australia's foreign, economic and trade, security, development and humanitarian policies.
- As we confront the challenges of COVID-19 recovery, climate change and conflicts, gender equality must be a conscious concern and at the centre of our collective efforts.
- In the 2022 WEF Global Gender Gap Index, Australia ranked 43 of 146 countries.

Key Points

- Australia's interconnected and mutually reinforcing gender equality priorities are:
 - enhancing women's decision-making and leadership
 - promoting women's economic empowerment
 - ending sexual and gender-based violence, and
 - improving access to and influence on essential services, particularly health and education.
- Of pressing importance is the Women, Peace and Security (WPS) agenda.
 - the WPS agenda is critical to addressing such shared challenges as climate change, conflicts, and cybersecurity, as well as countering terrorism and violent extremism.
- Australia's efforts on gender equality intersect with other cross-cutting priorities, including disability inclusion and First Nations.
- The Australian Government has reinstated the performance target that 80 per cent of development investments effectively address gender equality in implementation.
 - The Government has also introduced a mandatory requirement that DFAT's ODA investments over \$3 million have a gender equality objective.
 - In 2022–23, Australia will provide \$65 million through the Gender Equality Fund to respond to the needs, interests and rights of diverse women and girls, primarily in the Indo-Pacific region.
 - Gender equality will be central to the forthcoming (2023) international development policy.

Background

The WEF estimates that, at the current rate of progress, it will take 132 years to reach 'full gender parity', with a generational loss of gains between 2020 and 2021.

The amplification of gender inequalities, since the onset of the COVID-19 pandemic, is documented in relation to livelihoods and poverty, leadership and representation, sexual and gender-based violence, unpaid care and domestic work, and influence on and access to essential services, including education and sexual and reproductive health services.

Notwithstanding universal endorsement of the international normative frameworks on gender equality and the human rights of women and girls (with the few exceptions to the Convention on the Elimination of All Forms of Discrimination against Women), the regression on gender equality

since the onset of the COVID-19 pandemic has been compounded by increasing pushback in the multilateral system.

Some countries s33(a)(iii) are actively working to undermine established norms and commitments. Resources are being spent on responding to the pushback, at the expense of attention and action that advances gender equality.

Gender equality in trade and investment

Australia advocates for gender equality in our engagement in economic, trade and investment bodies (e.g. WTO, UNCTAD), in recognition that persons of different genders are differently affected by trade and investment agreements, and that structural gender inequalities discriminate against and disadvantage women more than men and impede economic development broadly.

Australia supports the inclusion of gender equality in free trade agreements. Provisions reinforce the relevance of gender equality to trade and investment and provide frameworks for parties to cooperate on such issues as MSMEs, entrepreneurship, women's participation and leadership, financial inclusion, supply chains and procurement, labour, workplaces, digital trade/e-commerce, and capabilities.

Under Australia's Regional Trade for Development investment in Southeast Asia, Australia has established a 'Trade and Gender Equality Incubator' to investigate how gender equality matters for trade policies and programming, and to identify scalable opportunities to advance gender equality within trade.

Advancing gender equality through multilateral engagement

Australia uses a range of multilateral forums to promote international standards and norms on gender equality, including United Nations bodies (e.g. General Assembly, Human Rights Council, Security Council, ECOSOC, Commission on the Status of Women), economic entities (e.g. APEC, G20, OECD, WTO), and regional groupings (e.g. ASEAN, IORA, PIF).

In such fora, Australia works with likeminded countries, non-traditional allies and cross-sectoral connections, while supporting civil society contributions, to protect norms, strengthen commitments, and oppose efforts that weaken women's and girls' human rights and pushback on gender equality gains.

Australia is committed to working constructively with all governments, and other actors (UN bodies, civil society, private sector etc.) to tackle intersecting inequalities and fulfil the human rights of all women and girls, as well as persons of diverse gender identities.

FIRST NATIONS FOREIGN POLICY/INDIGENOUS DIPLOMACY

- The Government is committed to embedding First Nations perspectives, experiences and interests into our foreign policy.
- Australia's foreign policy should project Australia's shared and full identity, our modern diversity and the rich heritage of First Nations people. The rich heritage of First Nations people is an element of our national power which enhances our interactions with regional and global partners
- Australia's First Nations approach to trade and investment policy is to support the growth of First Nations businesses through export and investment opportunities in overseas markets.
- The appointment of an Ambassador for First Nations People will be the first time Australia has a dedicated level of First Nations representation to inform the way we engage with the world.

Background

Australia's First Nations approach to foreign policy will take time to develop in systematic consultation with First Nations communities – there is no blueprint.

First Nations foreign policy is expected to:

- strengthen connections in the Indo-Pacific to address shared challenges such as health, environmental management and climate change, and gender equality
- progress First Nations' rights globally including in human rights and other international for a
- work with First Nations communities and other government agencies to identify and repatriate human remains and sacred objects located around the world
- support First Nations trade and investment, and
- support building a First Nations diplomatic capability.

Australia's First Nations trade policy will develop the capacity of First Nations businesses and connect them with international markets by increasing export readiness through training and mentoring and connecting First Nations entrepreneurs to investment opportunities and export pathways.

Australia seeks to elevate First Nations interests in international trade institutions and fora by:

- working with IP Australia to support negotiations at the World Intellectual Property Organization for a multilateral agreement for the protection of traditional knowledge, traditional cultural expressions, and genetic resources;
s33(a)(iii), s47C(1) and s47E(d)
- implementing the Indigenous Peoples Economic and Trade Cooperation Arrangement to expand business networks for Indigenous businesses and entrepreneurs.

TRADE AND INVESTMENT PROMOTION PRIORITIES

- In 2019-20, trade supported more than 3 million Australian full-time equivalent jobs (more than 1 in 4 jobs), and trade-related activities contributed to 29 percent of Australia's GDP.
- The Government's trade agenda recognises the fundamental shifts in the global trading environment and assists Australian exporters diversify and target opportunities in new markets, including with strategic partner countries in the Indo-Pacific region.

s33(a)(iii), s47C(1) and s47E(d)

Key Points

- Australia's nine trade sector priorities reflect export competitiveness and Federal, State and Territory Government priorities
 - Agribusiness, Food and Consumer; Defence and Space; Education; Health; Infrastructure; Resources; Energy; Technology; and Advanced Manufacturing.
- Australia has proven itself as an effective location for companies to anchor their activities in Asia and the Pacific.
 - Australia's policy stability combined with strong market access and relationships in Asia are strong incentives for foreign investors seeking to export to Asia.
- FDI supports one-in-10 jobs in Australia and is linked to over 40 per cent of Australia's exports.
 - FDI drives technology transfer, innovation and the development of new industries and contributes to productivity and wage growth.
- Australia's current investment priority sectors are
 - Technology, Agribusiness and Food; Manufacturing; Space; Resources; Energy; Health and Infrastructure (including the circular economy).

Tourism and Education in the Trade Economy

- Australia's tourism policy and the broader Visitor Economy covers domestic tourism, international education, events, business and employment travel and domestic industries such as accommodation, transport and hospitality.
- Austrade is delivering the national long-term Visitor Economy strategy, THRIVE 2030 (The Re-Imagined Visitor Economy).
 - THRIVE 2030 sets the target to regain pre-pandemic annual visitor expenditure of \$166 billion by 2024, and to grow that expenditure to \$230 billion by 2030. The regions should capture around 40 per cent of this spend.
- International education is an important Australian industry that has been heavily impacted by the pandemic.
 - Despite international education exports nearly halving between 2019 and 2021 (from \$40.3 billion to \$22.5 billion receptively), the sector remains one of Australia's largest export industries (ranked fourth after iron ore, coal and natural gas).

Background

The Prime Minister has set an ambition for Australia to become a renewable energy superpower. With an anticipated \$500 billion inward investment needed to achieve net-zero by 2050, investment facilitation and promotion will play a significant role in Australia's transition to a green energy superpower.

The Government has committed significant funding for the National Reconstruction Fund (\$15 billion) and Rewiring the Nation (\$20 billion), but these platforms will need to catalyse foreign investment to ensure a stable transition.

In the first half of 2022, Australia attracted US\$6.4bn of investment in renewable energy, a substantial increase on the almost \$2bn for the same period in 2021, and on the \$4.6bn for all of 2021.

The Australian Government aims to transition our economy to become a major exporter of clean hydrogen. Australia's National Hydrogen Strategy 2019 estimates a hydrogen industry could support 17,000 jobs and generate \$26 billion in GDP annually by 2050.

Australia is a significant producer of mined and processed critical minerals and our high ESG standards and world class mining sector makes us a credible partner for countries looking to diversify their critical minerals supply chains. The Australian Government is also investing in downstream processing of critical minerals of high value to Europe, including through the Critical Minerals Facility.

Australia's trade and investment services, delivered through Austrade, are focussed on delivering practical commercial outcomes to create jobs and grow Australia's prosperity as well as Australia's tourism policy and global promotion of Australian education and training.

SWITZERLAND COUNTRY SNAPSHOT

The bilateral relationship: The Australian-Swiss relationship celebrated 60 years of strong, constructive diplomatic relations in 2021. On 16 August 2022 Australia opened its new Embassy in Bern (the previous Embassy closed in 1992). s33(a)(iii), s47C(1) and s47E(d)

Trade and investment statistics: In 2021, two-way goods and services trade with Switzerland was valued at \$7.4 billion. Switzerland is Australia's 11th largest source of investment, valued at \$69.2 billion (2021). Bilateral trade has grown by over 25 per cent in the past five years and over 250 Swiss companies operate today in Australia. Swiss investment in Australia is concentrated in pharmaceuticals, medical technology and services, banking, and insurance. Major Swiss corporates investing in Australia include Nestle, ABB, Roche, Novartis, UBS, Credit Suisse, Zürich Insurance, Swiss Re and Glencore.

Students and Scholarships: 145 students arrived in Australia during 2021-22.

Major visits:

- Dec 2022: Trade & Tourism Minister Don Farrell met with Councillor Guy Parmelin and attended the official event to open the Australian Embassy in Switzerland.
- Sept 2022: Foreign Minister Wong met President Cassis during UNGA in New York.
- June 2022: Trade & Tourism Minister Farrell visited Geneva for WTO MC12.
- 2021: then-Foreign Minister Payne visited Geneva to discuss COVID-19 responses and key humanitarian and human rights issues.
- 2021: then-Trade Minister Dan Tehan visited Geneva for WTO meetings.
- 2020: then-Finance Minister, Mathias Cormann, visited Davos-Klosters for the World Economic Forum Annual meeting and Zürich to promote business ties.
- 2019: then-Foreign Minister Payne visited Geneva for the 40th session of the UN Human Rights Council and the Conference on Disarmament.

Regional/multilateral memberships: UN, UNSC (2023-34), OSCE, Council of Europe, G20 (Guest - Finance Track), IMF, OECD, WTO, ITU, IAEA, EFTA. Switzerland is integral to the global multilateral system, establishing 'International Geneva' as a major hub. Switzerland is not a member of the EU or NATO.

Population: 8.7 million (2021)

Community in Australia: 26,000 approx (*Swiss figures*)

Incoming visitors: 2,961 (2021-22)

Working Holiday Arrangement arrivals: New program announced 1 January 2022; 32 arrivals (as of 30 June 2022)

FACTS AND FIGURES

Economy (Source: Swiss Federal Department of Foreign Affairs)

- Switzerland has the third highest per capita GDP in the world (USD 94,830 in 2023 based on IMF statistics).
- Approximately 74% of Swiss GDP is generated by the services sector and 25% by industry. The agricultural sector contributes less than 1%.
- The EU is Switzerland's main trading partner. Around 66% of Swiss imports are from the EU, while 43% of Swiss exports are to EU countries.
- Nearly all Swiss businesses (over 99%) are SMEs employing fewer than 250 staff.
- Switzerland spends over CHF 22.5 billion on research and development (R&D) annually – approximately 3% of GDP. The private sector contributes over two-thirds of this amount.
- Switzerland's major exports are machinery and equipment, chemical-pharmaceutical products, watches, and textiles and apparel. Raw materials, food, vegetable oils, and fuel account for about one-quarter of total imports and are transported by rail, truck, and barge.

Bilateral

- Australia and Switzerland celebrated 60 years of diplomatic relations in 2021.
- Bilateral trade has grown by over 25 per cent in the past 5 years and over 250 Swiss companies operate today in Australia.
- The mountain village of Crans-Montana hosts one of the most impressive collections of contemporary indigenous Australian art in Europe.
- In 1996, Australian immunologist Peter Doherty and his Swiss colleague Rolf Zinkernagel jointly received the Nobel Prize in Medicine for their ground-breaking discoveries concerning the specificity of the cell mediated immune defence.

s47F(1)

- In the 1840s, Swiss wine enthusiast Sophie la Trobe encouraged Swiss winemakers to settle in Victoria, laying the foundations for what is now a world-class wine region.
- The Swiss are the biggest consumers of chocolate in the world, consuming on average 10.3kgs per person in 2018. The Swiss chocolate industry produced 190,000 tonnes of chocolate worth over \$2 billion in 2018.

Examples of Commercial Engagement

- In 2020, Swiss med-tech manufacturer 41medical established a subsidiary in Brisbane, with support from the Queensland Government, to accelerate the development and commercialisation of Australian-made medical devices for the human musculoskeletal system.
- Nestlé invested a further A\$90 million to upgrade its Purina PetCare pet food manufacturing factory in Blayney, New South Wales. The facility employs more than 300 people and supports over 60 businesses and contractors in western NSW. The upgrade created 20 new jobs.
- Flyability, a Swiss manufacturer of safe drones, opened its first presence in Australia in 2022, providing a unique solution which allows the monitoring of buildings/infrastructure that humans cannot access.

DFAT SWITZERLAND FACT SHEET

