

FTA debate overlooks the big picture—there are not enough SMEs exporting

‘Australia is having the wrong debate about trade’ said Heath Baker, head of policy at the Export Council of Australia (ECA). ‘Trade agreements, like the TPP-11, are only as good as the companies using them. If we’re serious about boosting economic growth through trade, then trade agreements are only part of the answer. The priority must be to address the lack of SMEs in export.’

Today the ECA releases its trade policy recommendations for 2018 (attached). The recommendations focus on how to encourage more SMEs into international trade.

‘Australia is well behind OECD averages when it comes to both its export intensity and the contribution SMEs make to overall exports,’ explained Mr Baker.

Australia’s export intensity (its export value to GDP) is 21% compared to an OECD average of 28%. In G7 economies, SMEs account for around 25% the value of goods exports—but SMEs only account for 14% of Australia’s export value.

Mr Baker said ‘boosting Australian SME exports to the same levels as G7 countries would add around \$36 billion to Australia’s GDP. There’s no reason Australian SMEs shouldn’t export at the same rates as American, British or Canadian SMEs.’

‘Australia’s future prosperity can only be guaranteed by an economy that is open, outward-looking and competitive,’ said Dianne Tipping, Chair of the ECA. ‘But there are simply too few Australian SMEs involved in international business. Today’s SMEs are tomorrow’s big businesses—encouraging more SMEs into trade now will strengthen Australia’s economy in the future.’

The ECA makes policy recommendations in three areas that will help more SMEs start exporting:

- shift their mind-set to think globally and help guide them to services that will enable them to start exporting
- lower the domestic barriers to export, such as the cost and complexity of obtaining export certificates and approvals
- provide better support to help them grow internationally, including by adequately funding the Export Market Development Grant and the new national brand under development.

‘Most importantly, we need government and industry to come together to develop and implement a strategy to get more SMEs involved in export. There’s no point doing the hard work to get businesses interested in export, just to have them struggle to upskill or find that the cost of obtaining documents in Australia makes them uncompetitive overseas,’ Ms Tipping said. ‘We need a comprehensive strategy, and we’re calling on the government to lead it.’

The ECA is the leading industry association focused on the needs of Australia’s international businesses, particularly SMEs. Our core activities include training, research, advocacy and events.

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