

Forging Resilience

Five trade imperatives
for Labor Government's
2nd term

Prepared for

Ministry of Trade and
Tourism of Australia



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Forging resilience: Five trade imperatives for Labor government's second term

Australia stands at crossroads in 2025. A decade of shifting geopolitics, technological change and supply-chain fragility has exposed how over-reliant the country remains on a handful of trading partners and commodities. As Labor embarks on its second term, the government has the mandate to retool trade strategy and with it, safeguard Australia's economic sovereignty and prosperity. And the government needs to utilize their first 100 days in making significant progress building up prospective trade that improves business and creates more jobs.

Trade Imperatives for Australia

Priority	Description
Market Diversification	Break China-centric mold, embrace diversification
Clean Energy & Minerals	Champion clean-energy and critical-minerals boom
Digital & Regulatory Reform	Modernize trade architecture through digital reform
Services Trade	Reimagine services trade as growth engine
Supply Chain Resilience	Embed resilience into every supply chain link

Here are five priorities the government should champion through action and political will, to reshape Australia's trade future:

1. Accelerate market diversification

China looms large in trade figures accounting for roughly one-third of our exports and a quarter of imports. Bilateral trade reached USD 326.9 billion in 2023, which stands at USD 180 billion in 2024. Although diversification has picked up some pace, moving away from Chinese imports and towards ASEAN and neighboring Pacific Asian countries like Korea and India – Canberra must deploy both carrots and sticks to accelerate:

- **Targeted export support.** Beyond generic “missions,” small and medium enterprises need tailored assistance - market-entry grants, legal support for local compliance and data-driven matchmaking with reliable buyers in ASEAN countries, India, and Korea – who are considered as alternates to Chinese imports.
- **Risk-based diplomacy.** When geopolitical tensions flare, as they did over Beijing's tariffs on barley and wine, Canberra moved slowly. A nimbler Trade Response Unit - staffed by diplomats, trade lawyers and industry experts, should be empowered to negotiate ad hoc arrangements when state barriers threaten our goods.

2. Champion the clean-energy and critical-minerals boom

The world is racing to electrify transport and decarbonize power. Australia can't merely be a quarry for others' batteries; we must capture more of the value chain. We have an ambitious goal of getting 82% of its electricity needs from solar, wind or hydro by the year 2030. This adds to our advocacy for green energy transition as the government bids for the COP31 in 2026, being hosted in partnership with the neighboring Pacific island countries – one of the worst affected countries due to climate change. To pursue Australia's regional leadership as a green energy advocate, the country needs to push the following:

- **Strategic public-private partnerships.** Canberra should launch a “Clean-Tech Sovereign Fund” to co-invest in local processing facilities for lithium, cobalt and rare earths, spurring hinterland jobs rather than offshore profits.
- **Export corridor infrastructure.** Investments in rail links and port upgrades, from Pilbara to Gladstone, will cut logistics costs and make Australian minerals a more attractive proposition for global manufacturers.

3. Modernize trade architecture through digital and regulatory reform

Our customs, quarantine and standards regimes are still paper-bound in an age of real-time data. Delays at the dock cost exporters millions and undermine competitive edge. The government could:

- **Deploy a single “e-customs” portal** that unifies all clearance processes tariffs, biosecurity, compliance certificates—into one digital workflow. Early pilots in Singapore and the Netherlands show clearance times can be halved.
- **Harmonise regulations** for emerging sectors like fintech, biotech and e-commerce. Through targeted mutual-recognition agreements, Australian digital-services firms could scale seamlessly into South-East Asia and Europe.

4. Reimagine services trade as a 21st-century growth engine

Goods get the headlines, but services - from education to professional consulting account for over 30 percent of our exports. Post-pandemic, international students are returning, and global businesses are hunting offshore expertise:

- **Global education outreach.** Australia's educational institutions can expand their international presence by participating in diverse global education fairs beyond traditional markets. Engaging with regions such as Africa, the Gulf, and Latin America offers opportunities to showcase not only degree programs but also tailored short courses in areas like climate adaptation and digital skills. This approach aligns with the growing demand for flexible and relevant educational offerings in emerging markets.
- **Enhance Mutual Recognition Agreements (MRAs)**
Professional services, including engineering, accounting, and legal sectors, benefit significantly from the portability of credentials. Australia has established MRAs with several countries, such as Canada and Japan, facilitating the recognition of professional qualifications and enabling Australian professionals to practice abroad with reduced barriers. Strengthening and expanding these agreements can unlock new income streams and enhance Australia's global professional influence.

5. Embed resilience into every link of the supply chain

The COVID-era scramble for vaccines and semiconductors taught us that you can't wish away dependencies. To guard against future shocks, the government should:

- **Institute a National Supply-Chain Council**, co-chaired by industry and ministers, to stress-test sectors—pharma, food, energy and recommend “dual-source” or on-shore buffer strategies.
- **Incentivize strategic stockpiles** and local manufacturing of critical inputs via tax credits and matched grants, ensuring that when global tensions resurface, Australia isn't left scrambling.

The incoming Labor government's mandate is clear: in an era of uncertainty, not to cling to old trade habits. Instead, seize the moment to build a diversified, digitally enabled and resilient trading nation - one that can withstand external storms and deliver prosperity right across the Australian community. The first 100 days are a good time for the quintessential 3 Rs - reinvent, reboot, and relaunch.