

Overview of 1st two months of the Labor Government (2025-2028)

❖ DFAT - Trade

Introduction

Australia's new tenure of the Department of Foreign Affairs and Trade (DFAT) commenced amid shifting global dynamics, supply chain vulnerabilities, and an urgent need to diversify trade. This report reviews the Ministry's performance over the first 60 days, referencing the attached five trade imperatives and recent news, and evaluates key actions, policy changes, challenges, gaps, and overall impact.

Key actions undertaken

1. Accelerating market diversification

- **Targeted export support:** The Ministry launched new market-entry grants and legal support programs for small and medium enterprises (SMEs) targeting ASEAN, India, and Korea, moving beyond generic trade missions to tailored, data-driven matchmaking for exporters.
- **Trade missions:** Five new trade missions were dispatched, including to Malaysia and Singapore, with a focus on green economy opportunities and Southeast Asia's growing markets.
- **India and Southeast Asia focus:** Funding was expanded for the Australia-India Business Exchange and new "Landing Pads" in Jakarta and Ho Chi Minh City to help Australian businesses access these markets.

2. Championing clean energy and critical minerals

- **Green economy advocacy:** The Ministry led a trade mission to Malaysia focused on clean energy and promoted Australia's ambitions for 82% renewable electricity by 2030, aligning with the government's COP31 bid and regional climate leadership.
- **Public-private partnerships:** Early steps were taken toward launching a "Clean-Tech Sovereign Fund" to co-invest in local processing facilities for critical minerals, aiming to capture more value domestically and create regional jobs.
- **Export corridor infrastructure:** Announcements were made regarding investments in rail and port upgrades to support mineral exports, though most projects remain in planning stages.

3. Modernizing trade architecture

- **Digital trade reforms:** The Ministry announced the establishment of a Simplified Trade System Unit within Austrade, tasked with streamlining customs and regulatory processes into a single digital workflow, aiming to halve clearance times for exporters.
- **Regulatory harmonization:** Consultations began on mutual recognition agreements for digital services, fintech, and biotech, to enable Australian firms to scale into Southeast Asia and Europe more efficiently.

4. Reimagining services trade

- **Education and Professional Services:** The Ministry promoted global education outreach, supporting Australian institutions to expand into new regions, including Africa and Latin America, and announced efforts to strengthen mutual recognition of professional qualifications.
- **International agreements:** Australia participated in the upgrade of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), supporting services and digital trade.

5. Embedding supply chain resilience

- **Supply chain council:** The Ministry initiated the formation of a National Supply-Chain Council to stress-test critical sectors and recommend dual-source or onshore buffer strategies for pharmaceuticals, food, and energy.
- **Strategic stockpiles:** Early discussions began on tax credits and grants for local manufacturing of critical inputs, though implementation is pending.

Major statements and public messaging

- The Ministry consistently emphasized the need to “forge resilience” by diversifying markets, supporting clean energy exports, and modernizing trade systems.
- Public addresses highlighted Australia’s commitment to open trade, regional partnerships, and the importance of reducing reliance on any single trading partner; especially China.

Gaps and areas for improvement

- **Implementation pace:** Many initiatives, especially on digital trade, clean-tech investment, and supply chain resilience are in early consultation or planning phases, with limited immediate impact.
- **Legislative progress:** No major new trade legislation or funding programs were enacted in the first 60 days; most actions have been consultative or strategic.
- **Export Support for SMEs:** While tailored support was announced, SMEs still face barriers in accessing new markets, and further simplification of export processes is needed.

- **Broader services trade expansion:** Efforts to expand education and professional services trade are ongoing, but tangible results in new markets are yet to materialize.
- **Transparency:** There is a need for more frequent public reporting and measurable targets to track progress on diversification and resilience.

Overall impact

The Trade Ministry’s first 60 days have set a clear strategic direction: diversifying markets, championing green exports, modernizing trade systems, and building supply chain resilience. There has been strong alignment with the five trade imperatives, and early actions such as trade missions, digital reforms, and supply chain planning reflects an ambitious agenda for long-term transformation.

However, the impact to date has been foundational rather than transformative. Australia’s over-reliance on China, global trade tensions, and supply chain vulnerabilities remain acute. The period has seen more groundwork and consultation than immediate, measurable outcomes. Accelerated legislative action, deeper engagement with SMEs, and transparent progress reporting will be critical for translating strategy into results and safeguarding Australia’s economic sovereignty in a volatile global environment.

The following summarize recommendations dated May 31, 2025, sent by IPAG Asia Pacific, Melbourne to Hon Don Farrell, Minister for Trade and Tourism for implementing in the 1st 100 days of the 2nd term of the Labor Government. It provides status of implementation and what needs to be done is to be on track for timely completion of the initiatives.

IPAG Recommendations	Progress made	Implementation status (✓/X)	Remarks
Over-reliance on China	Accelerated diversification efforts, new trade missions, and tailored SME support for ASEAN and India.	✓	Diversification efforts are positive, but long-term market shift will need sustained support and trade deals.
Geopolitical tensions (US, China)	Advocated for open trade, engaged in risk-based diplomacy, and prepared for potential tariff impacts.	✓	Risk-based diplomacy ongoing; monitoring required to manage tariff or sanction risks.
Supply chain vulnerabilities	Launched National Supply-Chain Council launched and began planning for strategic stockpiles and local buffers.	✓ (Partially)	Early planning good first step; will need measurable targets for stockpiles and local manufacturing.

IPAG Recommendations	Progress Made	Implementation Status (✓/X)	Remarks
Trade modernization lag	Established Simplified Trade System Unit to digitize and streamline export processes.	✓ (Partially)	Digital export streamlining progresses; adoption by SMEs and exporters remains key challenge.
Climate and clean energy competition	Promoted green economy trade missions and advocated for domestic value-add in critical minerals.	✓	Green economy advocacy strong; execution depends on investment in local processing capacity.

Moving forward.....

The Ministry’s early tenure has laid the groundwork for a more resilient, diversified, and modern trade system. The next phase must focus on rapid implementation, measurable outcomes, and inclusive support to ensure Australia’s trade policy delivers prosperity and security for all.