

Internationalisation of Australian small and medium-sized enterprises: The case of the Australia and EU Free Trade Agreement

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Abstract

Australia is a member of many multilateral trade bodies and engages in trade agreements of a multilateral and bilateral kind across most regions. In June 2018, it launched negotiations for a Free Trade Agreement (FTA) with the European Union (EU) which are still ongoing and since then Australia and the EU have conducted fifteen rounds of negotiations (last one on 28 May 2023 in Brussels). This paper aims to explore the business awareness of the EU amongst Australian small and medium-sized enterprises (SMEs) and to analyse the factors that influence their internationalisation. To ascertain this, we reviewed the results of two surveys¹ that were conducted pre- and post-COVID-19 pandemic (also coinciding with the Brexit transition period). This paper argues that SMEs in Australia are essentially unaware of the EU as a market and that no significant change in the business perception of the EU and potential international trade opportunities occurred between the pre- and post-COVID-19 political contexts.

Keywords: Small and medium-sized enterprises (SMEs), EU, Australia, FTA, internationalisation

Introduction

Until the early 2000s, most trade arrangements occurred under the auspices of the World Trade Organization (WTO) where most trade and investment barriers were addressed and resolved, where possible. In 2001, with the impasse which occurred with the Doha Round, a number of nations, the US and the EU in the forefront, began pursuing bilateral arrangements given that the multilateral arrangements were no longer serving their purpose and that trade liberalization had slowed considerably. Many other countries followed producing an array of bilateral (and in some cases multilateral) trade agreements across all continents (The New York Times Editorial

¹ The surveys were anonymous, and the data collection was undertaken in conjunction with Qualtrics Pty Ltd. Ethical review was undertaken by Swinburne University of Technology's Human Research Ethics Committee (SUHREC) under the project code SHR Project 2019/189. This research was conducted as part of a grant agreement 620900-EPP-1-2020-1-AU-EPPJMO-PROJECT concluded between the European Education and Culture Executive Agency and RMIT University based in Melbourne.

Board, 2016). Australia, in that period, similarly shifted towards bilateral trade and entered into several agreements, increasingly recognising the importance of market access and reducing 'behind the border' barriers.

The Australia-China FTA in 2015 saw trade between these countries boom until the 2020 pandemic resulted in souring relations between the two countries. It produced an appetite by Australia to seek to diversify its key markets (of which China is one) and through greater engagement in the Asia-Pacific region. This was partially encouraged by the increased US-China strategic competition and lack of an overarching Indo-Pacific security treaty (Channer, 2022). Australia has currently 17 trade agreements with 28 countries, including major Asia-Pacific economies such as India, China, Japan, Republic of South Korea, Malaysia, New Zealand, Singapore and Thailand, as well as with the United Kingdom, Mexico, Canada and the United States of America (Department of Foreign Affairs and Trade [DFAT], n.d.). With the latest agreement with India in December 2022, Australia could boast 75% of its two-way trade is covered by agreements, up from 27 % in 2013 (DFAT, 2022c).

As a demonstration of Australia's regional trade strength, twelve of Australia's top 15 export markets are in the Asian region,² generating total exports worth \$353,528³ billion in 2020-21 (DFAT, 2022a). This represents three-quarters (77%) of Australia's total exports of goods and services. China alone contributed approximately 39% of this total trade value, while ASEAN partners made up 11.6% of Australia's total exports. Much of this is because of Australia's geographical position and its agreements with key Asian economies (Austrade, 2022). As for the EU (excluding UK), 3.7% of all Australian exports are directed towards EU member states (around a quarter to Germany alone). In terms of import sources, on the other hand, in 2020-21 Australia received 16.1% of goods and services from the EU (second import partner after China). Overall, the EU represents Australia's second largest two-way trading partner (9.4% of total share), only behind China (32.2%; DFAT, 2022b).

Australia and the European Economic Community established diplomatic ties as early as 1962 but this early relationship was hurt badly by the United Kingdom's entry into the Common Market in 1974. This led to three decades of tension and misunderstandings between Australia and the EU, assuming a slightly more constructive tone around 2007. Since then, and especially after 2014, the two entities now work on common platforms (both political and technological), are involved in multilateral ventures, have closer relations on climate change and sustainable development, as well as on governance and human rights. In addition, in 2022 Australia and the EU worked closely to respond to Russia's invasion of Ukraine. Australia and the EU cooperate in the Indo-Pacific region, to enhance security, stability and good governance. As is well known, the EU is a significant provider of development assistance to the Pacific and Southeast Asia (DFAT, 2021).

Negotiations for an FTA between Australia and the EU were launched in May 2018. The trade negotiations aimed to remove barriers to trade and investment between EU and Australian firms, particularly SMEs, while adopting a shared commitment to sustainable development, labour rights and environmental protection (including climate change) in trade (European Commission, 2018). Much of the 15 Rounds of negotiations have proceeded constructively resulting in late 2023 with a final balance

² The Asian region is defined as Asia and Oceania.

³ Unless indicated, figures in this article are expressed in Australian dollars.

sheet of two points of disagreement. Essentially the disagreements revolve around market access (i.e. agricultural quotas) and secondly geographical indicators (Norman, 2023). Despite attempts to obtain resolution with this FTA, the EU and Australia were unable to reach an agreement and the likelihood is that further negotiations will need to wait until after the EU elections in June 2024. There is no guarantee that circumstances will have changed much; indeed, the context could worsen if other negotiations, such as that between the EU and MERCOSUR states (Argentina, Brazil, Paraguay, and Uruguay; Reuters, 2023), were concluded beforehand. Mercosur, in fact, is the world's fifth largest economy outside the EU, a big market for EU exports (European Commission, 2019), and a major competitor for Australian beef and grains (Austrade 2023).

Given the importance of this agreement, the paucity of knowledge about the EU and its governance processes in Australia is remarkable. In the past the Australian government rarely considered the EU as a global player and it was only in the context of the UK as an EU Member State that any importance was attached to it. Soon after the British entry into the European Economic Community (EEC), the then Australian Prime Minister Malcolm Fraser felt there was little use in pursuing relations with the EU, and that Australian interests were best served looking elsewhere. He reminded us in the closing pages of his memoir: “Nothing has changed. They talk free trade, but there is no free trade. The Europeans were never going to shift” (Fraser & Simons 2015: 469). The Fraser government felt that Australia had been dealt some “bad cards” with Europe and matters only got worse when John Howard, as Minister for Special Trade Representations (STR), found during his visit to Brussels that he was not welcome and even more so when he talked about Australian agriculture in Europe (Fraser & Simons, 2015: 469). Equally Kelly and Mochan (2020) argue that Australia’s relations with the EU should be understood through their historical and cultural relations with the UK. Moreover, media coverage of the EU has been rare and superficial and the fact that there are no Australian media companies reporting from Brussels says a great deal.

When the EU-Australia FTA seemed closer, the authors of this paper wished to ascertain the level of awareness amongst Australian businesses about the potential agreement and how Australian SMEs⁴ relate to international trade agreements. Historically, and by their very nature, SMEs are not major traders in Australia, and only a small percentage of Australian companies export at all, most exporters are larger companies. SMEs’ size, composition, resources, and their expectations does not lend them to overseas trading. Regulatory complexity and the costs associated with compliance for bilateral and multilateral FTAs can also be a source of discouragement to export for SMEs. These barriers were acknowledged by the Department of Industry, Innovation and Science (DIIS) (Parliament of Australia, 2020) and improving their understanding was the main aim of the 2018 Joint Standing Committee on Foreign Affairs, Defence and Trade into access to trade agreements by SMEs (Parliament of Australia, 2019).

There has not been significant research on Australian perceptions of the EU (Kelly & Mochan, 2020). Our research also indicates that there has been relatively little

⁴ In this paper, we adopt the definition of SMEs provided by the Australian Bureau of Statistics (ABS) defining SMEs as businesses with fewer than 200 employees and annual turnover and exports of both less than A\$20 million (Australian Small Business and Family Enterprise Ombudsman, 2022). ABS also defines small businesses as those with less than 20 employees, which includes non-employing businesses (for example, sole traders) and medium businesses as those with 20 to 199 employees.

research into Australian SMEs' attitudes to internationalisation and trade with the EU, except on a limited, sectoral basis. To identify the current challenges faced by Australian SMEs and to address the existing knowledge gap in their attitudes to trade with the EU, and international business more broadly, this paper will present the results of two surveys that were conducted in September 2019 and November 2022. The data collection was carried out before and after the COVID-19 pandemic crisis, and in the shadow of Brexit. Almost 600 SMEs from a range of industry sectors participated. This study investigates the characteristics of these enterprises, the impact of the COVID-19 crisis on their business, their attitudes towards import/export, their knowledge of the FTA between the EU and Australia, their needs and issues, and their appreciation of the international pathways and associated opportunities for future business growth. The Australia-EU trade relationship requires new research, and this study provides insights into the crucial role SMEs play in the Australian economy.

The EU and its single market

The EU is an integrated and affluent market of almost 450 million consumers. As a bloc, the EU is equivalent to the third largest economy in the world (USD 17.1 trillion in 2021), behind the US and China. Excluding intra-EU trade, it is the world's third largest merchandise importer, and second largest merchandise exporter. It has the largest stocks of foreign direct investment abroad and is the world's second largest host of foreign direct investment (DFAT, 2021).

Since 1993,⁵ the creation of a 'single market' has been a crucial development, allowing the free movement of people, goods, services and capital throughout the member states, thus driving economic integration towards a single EU economy. Member state economies operate within an EU system of 'competences' or responsibilities for policy areas. The EU (rather than individual member states) has exclusive responsibility for the EU customs union, trade policy and competition rules. This also means the EU is responsible for trade agreements like the EU-Australia FTA (DFAT, 2021).

In 2013, the EU published *Trade for All*, a major policy initiative which set out the framework and principles which would inform the EU's trade policy in general, and the specific priorities which it would adopt in pursuing trade outcomes (including in bilateral agreements). Trade was positioned as a crucial means by which Europe could enhance its prosperity, and that prosperity would bring benefits for all citizens (not only Europeans). One of the objectives of this new trade policy was to make sure consumers, workers and small companies can take full advantage of – and adapt to – more open markets (European Union, 2015).

Trade for all outlined how the EU, representing its now 27 member states, engages in economic diplomacy to enhance market opportunities for European companies, typically seeking to boost both employment and wages. Since then, it has developed a growing number of bilateral trading agreements which seek to promote opportunities for SMEs, demonstrating the benefits of European integration. At that time, over 600,000 SMEs, employing more than 6 million people, directly exported goods outside the EU, accounting for one third of EU exports. While the EU market is relatively open for most manufactured products, access for many agricultural products is constrained

⁵ The Single European Act entered into force on 1 July 1987, setting a precise deadline of 31 December 1992 for the completion of the internal market (European Parliament, 2022).

by high tariffs and restrictive quotas, as well as a range of non-tariff barriers (European Union, 2015). The COVID-19 crisis also pushed the EU economy into a significant recession, with the southern and eastern member states worst affected (Dijkstra, 2022).

In response to the economic impact of the pandemic, the EU put in place a EUR 1.8 trillion budget for 2021-2027 and stimulus package, including a EUR 750 billion temporary recovery fund (*Next Generation EU*) which directed grants and loans to the most severely affected regions (Council of the EU and the European Council, 2022). Even in the early days of COVID-19, the EU signalled its commitment to make its post-pandemic recovery green, offering an opportunity to accelerate green investment in the context of the European Green Deal. Under the EU's post-COVID-19 recovery plan, a significant proportion (EUR 225 billion or 37%) of the EU's budget were earmarked for climate and sustainability projects (Tagliapietra et al., 2022).

Understanding the EU in Australia

Much of the understanding of the Australian and EU relationship has been in the supposition of a shared commitment to the rule of law, democratic and market-based values. Notwithstanding this, for over 3 decades the relationship was mired and dominated by disputes and tensions over Australian market access to the EU and especially in agriculture. Despite Australia's diplomatic presence in Brussels from 1962, it was not until 1981 that the EU was in a position to be represented in Australia through the establishment of the Delegation of the European Commission, now a Delegation of the EU based in Canberra.

Despite the tension between them, several mechanisms and agreements were developed over time, allowing for cool but cordial relations to continue. For example:

- The 1994 Agreement Relating to Scientific and Technical Cooperation between the European Community and Australia (entered into force on 25 July 1994).
- The 2008 Agreement between the European Community and Australia on Trade in Wine (entered into force on 1 September 2010).
- The 2012 Agreement between the EU and Australia on the processing and transfer of Passenger Name Record (PNR) data by air carriers to the Australian Customs and Border Protection Service (entered into force on 1 June 2012; European External Action Service, 2021).

On 7 August 2017, the then Foreign Minister Bishop and then High Representative Mogherini signed the *EU-Australia Framework Agreement* ('Framework Agreement') between Australia and the EU, which built upon the 2008 *Australia-EU Partnership Framework* (Murray & Matera, 2019). Following ratification by Australia, the EU and all EU member states, the Framework Agreement, which provided a platform for closer collaboration across our full strategic relationship, entered into force on the 21 October 2022 (Wong, 2022). According to the Minister for Foreign Affairs, Penny Wong, this agreement was a significant milestone in that it:

will help advance negotiations of an *Australia-EU Trade Agreement* and pave the way for closer collaboration on key bilateral and multilateral issues. These include climate change and the environment, sustainable development, human

rights and democracy, education, culture, research and innovation, trade and investment, tourism, and security (Wong, 2022, para. 3).

The current FTA negotiations between Australia and the EU are an opportunity to achieve a comprehensive action in reducing numerous barriers to trade. Australia and the EU have been active partners in promoting a multilateral, rules-based framework for trade, that can create a level playing field, particularly for their SMEs. Notwithstanding the potential gains made through trade agreements, there is no necessary follow through by companies, particularly SMEs (Morita-Jaeger & Borchert 2020). Where there might be benefits for SMEs from FTAs, there still exists a significant gap between SMEs and large-sized enterprises in the export effects of FTAs (Koo, 2021). SMEs' participation in international trade remains limited for numerous reasons that can be summarised as follows: lack of relevant skills, lack of resources to meet the high costs often associated with engaging in international markets; less capacity to address complex regulatory requirements, and limited access to finance (World Trade Organisation n.d.).

As for the Australian context, there is currently little evidence that SMEs are alert to the changing character of the global trading system and how the new opportunities which might follow from trade agreements can be exploited. Current trade between Australia and the EU is both significant and a product of increasing trends both in exports and imports between them. In 2021-22, the EU (excluding UK) was Australia's third-largest two-way trading partner (\$77 billion), behind China (\$273 billion) and Japan (\$114 billion). 14.74% of Australian goods imports (\$55 billion) were from the EU (second after China), while 4.12% of Australia's goods exports (\$22 billion), were destined for the EU, making it Australia's sixth-biggest customer for goods (after China, Japan, Republic of Korea, Taiwan and India; DFAT, 2022d).

If we look at the trade time series data offered by the DFAT regarding *Australia's Merchandise Exports and Imports*, one can observe a steady increase in the total amount of imports from all countries over the last decade, moving from \$236 billion in 2012-13 to \$373 billion in 2021-22. The exception to this trend was during the financial year 2019-20, due to COVID restrictions. As for the total amount of exports, continuous growth could be observed from 2015-16, moving from \$243 billion at the end of that financial year, to \$533 billion in 2021-22. There was no decline in the total amount of exports in 2019-20 (see Tables 1 and 2 in the Appendices).

In relation to trade with the EU, over the same period there was a constant increase in the total amount of imports from the EU, going from \$35 billion in 2012-13 to \$55 billion in 2021-22. Declines compared to the previous years could be observed in 2014-15 and 2019-20. A significant portion of imports from EU member states comes from Germany (\$15.4 billion or 28.1%), followed by Italy (\$8.2 billion or 15.1%) and France (\$6.1 billion or 11.1%); (see Table 3 in the Appendices). Over three quarters (\$48 billion or 87.3%) of all imports from the EU are classified as transport services, pharmaceuticals, medicaments, and passenger vehicles.

Exports towards the EU have also experienced a constant expansion. In 2012-13 Australian exports to the EU amounted to \$9,5 billion while in 2021-22 it increased to \$22 billion. Declines in exports to the EU were registered in 2013-14 and 2019-20. In 2021-22, over \$7 billion (or 32%) of Australian exports were directed towards the

Netherlands⁶, followed by Germany (4,7 billion or 21.5%) and France (2,6 billion or 11.9%; see Table 4 in the Appendices). Almost half of all exports (\$10,9 billion or 49.6%) are categorised as minerals and fuels, followed by agriculture, fisheries and forestry (\$5,1 billion or 23.5%) and manufactures (\$3,8 billion or 17.4%). The major items of export were coal (\$9,1 billion or 41.7%), oilseeds and oleaginous fruits soft (\$3,6 billion or 16.8%) and precious metal ores and concentrates, excluding gold (\$539 million or 2.4%).

Characteristics of SMEs in Australia

SMEs account for approximately 99.8% of all businesses in Australia, employing 68% of Australia's population, and are drivers of innovation, employment creation, and economic development (Verreynne et al., 2021, p. ii). They contribute more than half of the gross domestic product (GDP) and at the end of the financial year 2021-22, there were 2,569,900 businesses operating in Australia, a 7% increase on the previous year. This number also includes 1,550,151 non-employing businesses (ABS, 2022b).

In 2021-22 (at the end of financial year), the three industry sectors with the largest number of enterprises were Construction (445,253 enterprises), Professional, Scientific and Technical Services (331,918), and Rental, Hiring and Real Estate Services (286,317). In the same period, most of the businesses operating in Australia were concentrated in New South Wales (862,769), followed by Victoria (726,839) and Queensland (485,971). If we consider the number of businesses that were operating in June 2020⁷, 1,977,949 enterprises, only 64.5% of these (or 1,463,824; ABS 2023) survived the pandemic to June 2023.⁸ Non-employing businesses, and those with 1-4 and 5-19 employees recorded the lowest survival rates (57.9%, 72.0% and 80.3% respectively). As for the new business entries in 2019-20 (336,499), only 171,043 (or 50.8%) survived to June 2023 (ABS, 2023).

When we look at the latest available figures on the Australian business exports, in the financial year 2019-20, the number of exporters increased marginally (0.2%) to 56,274, the smallest increase in the last 6 years. The increase in number of exporters was predominantly with large exporters, which increased 3% to 6,362; small exporters increased by 1% to 35,051; while the number of medium exporters declined 3% to 14,861. This means that 88.7% of all exporters were SMEs (see Table 6 below).

Table 6⁹: Number of Merchandise Exporters, by Exporter Size, 2013-14 to 2019-20

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20
Size of exporters	no.	%						
Large	5,182	5,382	5,591	5,723	6,014	6,203	6,362	11.3

⁶ Caution should be exercised with this figure as much of this very high amount of export relates to the port of Rotterdam in receipt of Australian coal primarily which is onward shifted to other markets in Europe.

⁷ This is a few months after the World Health Organization (WHO) declared the novel coronavirus (COVID-19) a worldwide pandemic on 11 March 2020 (Department of Health and Aged Care 2023).

⁸ This is a month after the WHO declared an end to the global Public Health Emergency (PHE) for COVID-19 (United Nations 2023).

⁹ Please note: Tables 1–5 are available as appendices.

Medium	13,534	14,123	14,712	14,794	15,105	15,294	14,861	26.4
Small	25,301	28,498	30,302	30,861	31,297	34,670	35,051	62.3
Total merchandise exporters	44,017	48,003	50,605	51,378	52,416	56,167	56,274	100

Source: ABS (2022a).

The wholesale trade industry continued to be the largest industry, making up 23.8% (13,351) of all exporters, followed by manufacturing and retail trade, which made up 16% (8,966) and 8.5% (4,777) of all exporters respectively in 2019-20. The three major industries for small and medium size exporters were Wholesale Trade (11,338), Manufacturing (7,531), and Retail Trade (4,255) (ABS, 2022a).

As for the total value of merchandise exports, this reached a record high of \$m 382,178 but only 3.8% of this amount can be attributed to SMEs (see Table 7).

Table 7: Value of Merchandise Exports, by Exporter Size, 2013-14 to 2019-20

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2019-20
Size of exporters	\$m	%						
Large	262,221	242,694	230,362	277,650	300,540	358,133	367,833	96.2
Medium	8,607	9,487	10,462	10,680	11,228	11,589	11,374	3.00
Small	2,093	2,369	2,599	2,549	2,710	2,900	2,971	0.8
Total merchandise exports	272,921	254,551	243,423	290,880	314,478	372,622	382,178	100

Source: ABS (2022a).

Most of the value of merchandise exports came from large businesses operating in the Mining industry (\$m 235,880 or 61.7%). The remaining part of total merchandise export was from large companies working in the Manufacturing (\$m 77,376 or 20.2%) and Wholesale trade (\$m 31,782 or 8.3%) sectors. For SMEs, the largest portion of the value of merchandise exports was concentrated in the Wholesale Trade sector (\$m 5,703) (ABS, 2022a).

COVID-19 caused significant disruption to historic patterns of growth in the Australian economy, resulting in two large falls in GDP during the height of restrictions across Australia (ABS, 2022c). Small businesses, in particular, have been disproportionately affected by the COVID-19 pandemic because many were operating in industries affected by COVID-19 restrictions. Sectors like retail, hospitality, entertainment, travel and tourism, and food services which are overrepresented in SMEs, received a severe

blow from the outbreak of the Coronavirus and the measures to contain the spread of the virus (Thukral 2022, p. 61). The Australian economy bounced back from the COVID-19 lockdowns in the second half of 2021 and has since maintained strong underlying momentum. Economic conditions for SMEs improved as well, but some unique challenges continue to affect them including cost pressures, rising interest rates and attracting workers (McCowage & Nunn, 2022).

Australian SMEs trading with EU and other overseas markets: survey data analysis

In the previous sections, we have examined some key statistics about the composition of the Australian economy and the role played by SMEs in it. We have also looked at specific trade relations between Australia and the EU. To ascertain Australian business perceptions of the EU and business decisions around internationalising their activities, in the next two sections the paper will review the results of two surveys that were conducted pre- and post-COVID-19 pandemic. Almost 600 SMEs from a range of industry sectors completed the two surveys. Our target audience was any SME operating in Australia, provided they were engaged in import and/or export. The companies were categorised by size as follows: micro company – up to 2 employees; small SME – between 3 and 19 employees; medium SME – between 20 and 199 employees.

To reach as many business representatives as possible, we relied on the Qualtrics online platform to distribute the two surveys and gather data from our target audience. Qualtrics was contracted to conduct fieldwork, recruitment of participants, and sample management, which included providing incentives and data quality. Qualtrics is a panel aggregator that partners with over 40 different global panel providers to ensure depth of coverage for hard-to-reach target audiences within any market. This also has the added benefit of reducing the inherent biases in a single panel provider approach that come from the screening, profiling and recruiting methods proprietary to each provider. Based on the population of SMEs businesses in Australia in 2022 (2,564,467, see Table 5 in the Appendices) we calculated that, for the sample size to be representative, we needed to collect 600 survey responses (95% of confidence level and 4% of margin of error; Qualtrics, 2023).¹⁰

By studying the case of the SMEs in Australia, our research project aimed to answer the following two main research questions:

1. What are Australian SMEs' attitudes to international trade (with a specific focus on the EU markets) and how could the Australian government better support them?
2. Are Australian SMEs aware that the Australian Government is negotiating a Free Trade Agreement (FTA) with the EU and what advice could they provide to FTA negotiators that would help bettering Australian economic interests?

The data collected between 2019 and 2022 will help us explore the sentiments of SMEs with regard to the Australia-EU FTA negotiations and their potential benefits, their approach to trade with overseas markets more broadly, including the main barriers to

¹⁰ Qualtrics (2023). Sample size calculator. Retrieved from <https://www.qualtrics.com/blog/calculating-sample-size/>

their internationalisation. Insights from this study may also allow a better understanding of the appropriateness and effectiveness of the relevant government internationalisation support programs. We argue that placing greater emphasis on capacity-building programs for SMEs and creating more support structures to enhance their export opportunities, will be central aspects of the policies the Australian government will need to put in place over the coming years.

However, this study is not without limitations. This research project started in 2019, with funds from the European Education and Culture Executive Agency, before Covid-19 caught the world off guard. Our primary objective was to develop and disseminate new knowledge about the EU and its processes more broadly, capitalising on the growing interest in Europe due to Brexit and the Australia-EU FTA. The initial focus, was not only on SMEs, but also on other stakeholder groups from government, industry, and research, to explore what future trading relationships with the EU might look like. The mapping exercise aimed at identifying specific sectors that could take advantage of the provisions of the FTA.

The subsequent survey, which was conducted 3 years later, took a slightly different direction, taking into consideration the Covid-19 pandemic and its effects on SMEs. The main focus this time was exclusively on SMEs and how they participate in Global Value Chains (GVCs) in light of the Australia-EU FTA, bringing together two relatively understudied fields in Australian research – European trade and GVCs. The 2019 and 2022 surveys are thus not identical, and the level of detail and analytical depth differ. For instance, if we want to understand whether propensity for international trade (both in general and the EU) differs according to size of SMEs or industry sectors, this type of analysis can only be extracted from the 2022 survey. Also, our data collection methods do not explore performance measures in correlation with awareness of the agreements and we are unable to determine whether this varies between high-performing and low-performing firms. These represent possible directions for future analysis.

Pre-COVID-19 survey

The first survey was undertaken in September 2019 amongst the SME community across Australia, with 220 responses. In the first section of the survey, we asked questions around the companies' profile. Of the total respondents, 32.9% were Micro companies, 29.7% Small companies, and 37.4% Medium companies. The sectors in which the company respondents operated was diverse with Retail accounting for 15.9%, Construction 10.9%, Professional, scientific and technical services 10%, Manufacturing 6.4%, Health care/social assistance 5.9%, and Administrative/support services 5.9% as the larger sector respondents. Agricultural companies amounted to 1.8% of the respondents.

The locality of the respondents included 29.1% from Melbourne, 20.5% from Sydney, 12.7% from Brisbane, 7.7% from Adelaide and 6.8% from Perth. Also, 16% were from non-metropolitan areas across Australia. The vast majority, 65% of the companies surveyed, were private while 34.5% were some form of public entity. In terms of ownership, 86.4% of the respondents indicated that they were owned in Australia, while 13.6% were foreign-owned companies. 89.5% also indicated they had no presence abroad (international office or representative) themselves.

Most of those surveyed (70%) said they engaged only in trade and not in investment, while 30% did have an investment interest. The survey asked where the companies sourced their inputs with 90% indicating they were sourced from Australia. As part of the profiling, for the financial year of 2017-18, 33% of the companies surveyed indicated they had a turnover of less than \$500,000, 21.5% over \$10 million, 19.5% between 1-5 million and 16% between \$5-10 million.

The second section of the survey was about the import and export activity of the respondents. 22.7% indicated they traded abroad in both imports and exports, while 9.5% only imported, 4.5% only exported and 63.3% said they neither imported nor exported. For those that did export, their largest external market for exports was: 32.1% indicated Asia, 14.8% said the Americas, 19.8% said Europe and 17.3% Oceania. For those companies directly involved in importing, 40.7% indicated from Asia, 23.5% from the Americas, 14.8% from Europe and 11.1% from Oceania.

Those engaged in import and/or export were also asked if they traded with the EU: 27.2% said “yes”, 51.9% replied “no” and a further 19.8% said “not at this point but possibly might do so in the future”. When asked if they felt there were barriers to trading with Europe, 8% indicated “yes”, while 50% said there were not. 35% did not know. When all participants were asked if their company saw potential in trading and working with Europe/EU, 11.8% said “yes”, 41.8% replied “no”, and a 40.5% did not know.

In the third and final section of the questionnaire, the respondents were asked if they were aware of the negotiations for a FTA between the EU and Australia. Only 24.1% indicated they were aware while a sizeable 75.9% were unaware of these negotiations. However, companies were far more aware of the issue of Brexit. When asked if the UK leaving the EU would influence their business decisions and activities trading with the EU – 69.1% felt Brexit would have no impact. In relation to Brexit, companies surveyed were asked if a separate trade agreement with the UK would be of value to their company. 91.8% of responders indicated that such an agreement would be of “no value” or “unknown value” (48.2% and 43.6% respectively).

On the question of ease of doing business with the EU (including the UK) only 8.2% indicated that doing business with this part of the world was easy. As many as 42.7% felt it was not easy and a further 48.6% said they did not know. Instead, when asked if doing business in the UK was easier than in the rest of the EU, 10.9% felt it was easier than the rest of the EU, and a further 9.5% said it was not. A very high 79.5% did not know.

On whether their company had taken part in the consultations conducted by the DFAT for the Australia-EU FTA, not surprisingly only 4.1% said they had made some representation. Finally, to many respondents the history of Australia-EU relations was quite unknown. When asked if they were aware of potential areas of conflict between Australia and the EU in relation to trade, 65% of the business community interviewed was completely unaware of the rocky relationship that had existed between Australia and the EU since the 1960s. A very small 5.5% indicated they were aware of these tensions and therefore better informed, while another 28.2% indicated they did not know.

Post-COVID-19 survey

The second survey, completed in November 2022 amongst the SMEs across Australia, yielded 336 responses. With this survey some new questions were introduced to capture the impact that the COVID-19 pandemic had on the enterprises surveyed.

The majority (57%) of the companies that completed the survey were larger SMEs (between 21-199 employees), followed by Small SMEs (between 3-20 employees) with 35%, and Micro companies (up to 2 employees) with 8%. The industry sector with most responses was the Services sector (22.3%). This was followed by Food and Beverages (15.5%), Healthcare (9.2%), Manufacturing (8.9%), Information Technology (7.7%), Retail (7.7%), and Transport and Logistics Systems (6.5%). Almost half (48.5%) of all respondents had been in business for more than 10 years; 26.5% had been operating more than 3 years, but less than 10 years, 15.8% more than 1 year, but less than 3 years, and only 9.2% for less than 1 year.

Regarding the location of the SMEs, more than half of them were located between Melbourne/Victoria (32.4%) and Sydney/New South Wales (26.2%). Another 34% of SMEs were in Brisbane/Queensland (17%), Perth/Western Australia (11%) and Adelaide/South Australia (6%). Smaller numbers were recorded in Canberra, Hobart and Darwin. The vast majority (87.8%) of the companies surveyed were Australian owned, while 9.2% of them were owned by foreign entities. Almost a third (30.4%) of all respondents also engaged in investment (either as recipient or provider). When asked about their annual turnover in the last financial year, 34.2% of respondents replied “over \$500,001”, 13.4% of them said “Between \$100,001 and \$200,000”, 12.5% “Between \$200,001 and \$500,000”, 11.6% “Between \$50,001 and \$100,000”, and another 11.6% “Less than \$50,000”. There were also 16.7% of respondents who did not disclose this information.

The next three questions tried to understand the impact of the COVID-19 pandemic on SMEs’ activities. Around half (52.7%) of them felt that they had been negatively impacted by it (17% strongly agreed and 35.7% agreed with the statement). On the other hand, 23.2% stated that they had not been impacted by the crisis. When asked about the type of difficulties that they had been experiencing during the COVID-19 pandemic, 19.9% had disruptions in the supply chains, 18.5% experienced worker shortages, 17% had to go through temporary closings, 16.8% had to reduce the number of employees, 13.5% had sales dropping off. We also asked SMEs to what extent their business was adapting to the current situation. Many of them replied “Effectively” (36%) or “Very effectively” (11%). A third (35.4%) of all respondents seem to have a moderate recovery, while 17.6% of them are still struggling.

The second section of the survey was about the trading preferences of the survey participants. More than half (56.5%) of them either export (7.7%), import (20.8%) or both (28%). A large part of the respondents (43.5%) was not involved in any import or export activities. For those SMEs trading in goods and services, their largest foreign market was Asia (33.7%), followed by Oceania (26.8%), the Americas (20.5%), Europe (14.7%), and Africa (5%). When asked about the main reasons for trading mainly with their preferred foreign market, almost half of them (46.3%) said that it was because of cheaper products and services (mainly because of lower shipping costs due to the proximity with their suppliers), 15.3% replied more sales (supply and demand), and 7% for less barriers.

Respondents were also asked if they traded with EU member states. A large portion (39.5%) replied “No”, while 23.7% said “Yes”, 11.1% “Not at this moment”, while another 10% mentioned that although they did not trade with the EU, they might do so in the future. For those who replied “Yes”, when asked about the EU countries they were trading with, most of them replied “UK”, even though it is no longer an EU member, followed by France, Germany and Italy. SMEs that had been dealing with the EU were also asked if find doing business with the EU was easier than doing business elsewhere. Those who replied “Yes” did so either because it was easier and more efficient, for better products or the quality of services, and also for a chance to export Australian products. For those who replied “No”, instead, they experienced issues with transport and logistics (i.e. too far, high shipping costs, etc.), high import/export tariffs, and more laws and regulation to adhere to (i.e. too much legal paperwork, long processes, licensing issues, etc.).

All respondents were then asked if there are barriers to trading with the EU. 17.9% replied “Yes”, 19% said “No”, while the vast majority (63.1%) did not know. For those who reported the existence of barriers, they referred to tariff costs, travel costs, slow delivery and distance, custom procedures, and difficulty in getting into the market. The companies surveyed were also asked if they saw business potential in trading and working with the EU. 20.8% of all respondents replied affirmatively, while 14.9% were negative and 64.3% did not know. The reasons provided to indicate why trading with the EU would be a business opportunity included: it is a large market (more opportunities to expand sales); quality products; more product variety and materials available; they have more experience (quick and effective). And some even suggested that this could be a way to reduce Australia’s dependence on China.

In the final section of the survey, we aimed to acquire a better understanding of the respondents’ knowledge of the Australia-EU trade relations and the FTA. Almost 90% of all respondents had no idea about this agreement (“No” and “Don’t know” received 55.7% and 32.4% of the answers respectively). Only 11.9% of the respondents were aware of it. When asked about the potential areas of contention (such as geographical indications, market access, digital trade) between Australia and the EU in the current negotiations, the percentage of those who had some understanding of these issues dropped to 2.4%. The survey participants were also asked about the FTA between Australia and the UK and if this will encourage SMEs to trade with that country. Once again, most replies indicated a lack of knowledge of commercial agreements involving Australia and other countries, and their potential benefits: 87.5% of all participants either replied “No” or “Don’t know”. Only 12.5% of respondents saw the advantage of having an FTA with the UK, as a better way to trade and access their market, but also to lower costs and taxes.

When asked if SMEs should be receiving more support from the Australian government to understand the available business opportunities with the EU, more than half of the respondents either agreed or strongly agreed (55.4%). A large portion (40.2%) of the participants seemed to be undecided, they neither agreed, nor disagreed, while 4.5% of respondents disagreed or strongly disagreed. Finally, companies were asked how the Australian government could help SMEs in trading with the EU or in having greater access to other international markets. This multiple choice question recorded the following responses and number of preferences within brackets: easing trade barriers (145), enhancing incentives for new public-private partnership initiatives that would help SMEs reach global markets (112), facilitating access to the

information SMEs need in order to operate internationally (107), providing advice on import/export logistics restrictions and requirements (92), and promoting the role of foreign direct investment as a vehicle for SMEs to access international markets (83). Participants also left suggestions, such as decreasing import/export taxes (or providing incentives), lowering banking interest rates, supporting freight and travels to export overseas, increasing Australia's manufacturing capacity, and more effective and regular research on trade-related issues.

Conclusions

Examining SMEs' business perceptions of the EU, and Europe more broadly, and their approach to internationalisation, was the intent of both surveys conducted for this study. To date no similar surveys have been undertaken or made public. Apart from the fact that all companies suffered under COVID-19 restrictions, the second survey indicated that a significant number of companies were still struggling because of COVID restrictions. The sample surveyed in 2019 indicated some 63% did not trade abroad at all, while 43% indicated they did not trade in 2022. Despite the nature of the data collection, these figures show that many SMEs are not engaged in international trade, with little intent to do so. The two surveys provide a longitudinal data examination and, overall, do not differ significantly, even though they are separated by some three years. Any differences do not appear to show a significant discrepancy and therefore the perceptions of SMEs' representatives remain consistent between 2019 and 2022.

The most evident standouts are that SMEs are less familiar with business opportunities in the EU, were in large part not aware of the FTA negotiations between Australia and the EU and were even less aware of the issues in debate in the negotiations. Notwithstanding business interests, their awareness of the opportunities in Europe and the EU was limited. These outcomes confirm that SMEs lack the support and financial resources to seek out business opportunities and are dependent on government and market aids to guide them towards potential benefits which a trade agreement might provide. It would appear from the literature and other studies undertaken on other regional agreements, that SMEs respond in similar ways (DFAT, 2019) – the issue is less the location of the FTA and more the limitations of their own size and resources, the lack of awareness of international opportunities as well as perceived weak government-industry collaboration.

What makes the EU-Australia FTA different, as opposed to that with China and other FTAs, is that the potential exports to the EU are more fragmented value-added products and services and therefore more in the range of what SMEs produce and service. The China FTA provided primarily for the export of Australian minerals and fossil fuels and much less in the way of the range of normal SME produced products. The analysis of the survey results is a curious anomaly between the perception of SMEs and media and government rhetoric on market access to the EU. For decades the Australian governments of both persuasions have highlighted the "fortress Europe" view whereby Europe and specifically the EU have been less accessible as a market. The results from both surveys (2019 and 2022) show that SMEs were not necessarily of the view that reduced market access was significant. They were rather unaware of the issues involved in exporting and importing, and potentially interested in exploring future opportunities, provided more support was available.

Moreover, when asked if they were consulted on a particular FTA many indicated they were not. This points to the special role of government in relation to drawing SMEs into the negotiating exercise. Government, and specifically the DFAT, makes much of the benefit of these trade agreements to SMEs but has been less effective in making the SMEs a partner in the negotiations and in creating the bridge for SMEs to benefit from these agreements. A common criticism is that FTAs alone, and not solely that with the EU, do not necessarily produce more exports on their own. In closing, the surveys in both 2019 and 2022 demonstrate that SMEs in their trading experience might be interested in trading with the EU, but they suffer from several hurdles and impediments. Their smaller size makes them less able to have ready access to information about trade agreements and to engage in trading activities with regions such as the EU and benefit from these agreements, and other internationalisation opportunities. They look to government for aid, guidance, and market entry assistance. Given the inclination of governments to engage in agreement after agreement, they might consider how to provide greater support to SMEs to better exploit the benefits, while redressing internationalisation barriers.

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Appendices

Table 1: Australia's Merchandise Imports from EU, 2012-2022, by sector

IMPORTS	Financial Years									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
EU	35,991,078	39,679,308	38,049,103	41,361,570	42,332,296	46,548,533	49,019,437	46,962,600	49,982,420	55,076,509
Agriculture, fisheries & forestry	2,736,044	3,224,451	3,539,914	4,081,869	4,050,672	4,564,810	5,008,305	5,290,742	5,510,905	6,238,346
Minerals & fuels	120,100	86,274	143,145	126,140	155,890	496,413	972,932	485,623	463,951	185,566
Manufactures	32,089,592	34,825,497	33,241,488	36,812,791	37,477,484	40,971,920	41,990,967	40,772,608	43,541,462	48,062,481
Other goods	1,045,341	1,543,085	1,124,555	340,770	648,250	515,391	1,047,233	413,627	466,102	590,116
Non-EU	200,517,754	212,665,212	218,933,374	221,922,459	221,699,296	254,641,094	257,649,080	251,768,899	258,806,177	318,478,142
Grand Total	236,508,832	252,344,520	256,982,476	263,284,029	264,031,592	301,189,628	306,668,516	298,731,499	308,788,597	373,554,652

Last updated: November 2022 using ABS catalogue 5368.0 (September 2022 data) using the United Nations' Standard International Trade Classification revision 4 (SITCr4) at the 3-digit level (DFAT, 2022d)

Table 2: Australia's Merchandise Exports to EU, 2012-2022, by sector

EXPORTS	Financial Years									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
EU	9,528,339	8,781,031	8,793,880	9,135,445	11,688,513	11,691,320	12,646,441	11,628,453	13,037,205	22,019,223
Agriculture, fisheries & forestry	2,100,927	2,043,688	1,778,480	2,392,290	3,152,749	2,605,943	2,135,458	1,872,871	2,822,249	5,167,557
Minerals & fuels	3,657,133	3,156,968	3,414,563	2,890,124	4,838,565	4,781,788	5,367,818	3,676,164	3,359,167	10,926,474
Manufactures	2,357,004	2,506,067	2,678,171	2,667,816	2,627,253	3,018,814	3,802,440	4,453,285	3,677,689	3,830,626
Other goods	1,413,274	1,074,308	922,665	1,185,215	1,069,946	1,284,776	1,340,725	1,626,133	3,178,100	2,094,565
Non-EU	237,451,139	264,140,381	245,757,993	234,288,663	279,193,062	302,788,136	359,944,981	370,540,136	383,194,029	511,654,639
Grand Total	246,979,477	272,921,411	254,551,873	243,424,107	290,881,575	314,479,456	372,591,422	382,168,590	396,231,234	533,673,861

Last updated: November 2022 using ABS catalogue 5368.0 (September 2022 data) using the United Nations' Standard International Trade Classification revision 4 (SITCr4) at the 3-digit level (DFAT, 2022d).

Table 3: Australia's Merchandise Imports from EU, 2012-2022, by country

IMPORTS	Financial Years									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
EU (excluding UK)										
Austria	829,465	1,052,774	1,062,551	1,196,459	1,579,537	1,799,347	1,985,659	1,667,007	1,856,919	1,814,726
Belgium	1,593,709	1,743,821	1,663,202	1,631,671	1,849,901	2,094,481	1,914,276	1,981,612	1,969,285	3,541,325
Bulgaria	43,243	46,789	55,423	61,913	70,182	71,341	93,847	106,458	100,057	96,131
Croatia	25,418	22,534	24,763	29,254	31,343	37,275	43,261	38,311	43,484	47,904
Cyprus	14,556	18,689	22,717	24,032	27,469	32,027	31,586	36,477	41,266	37,949
Czech Republic	520,309	621,808	665,349	836,591	771,104	699,023	776,278	743,813	856,567	956,120
Denmark	896,051	1,203,061	1,090,577	1,223,084	1,312,550	1,363,506	1,319,620	1,345,925	1,402,558	1,592,853
Estonia	48,438	32,277	46,371	72,564	75,393	150,335	296,291	211,690	257,334	216,615
Finland	860,020	785,405	733,941	762,917	775,706	1,065,976	1,192,497	1,462,438	1,309,410	1,481,849
France	4,572,389	4,842,758	4,601,372	4,703,216	4,575,506	5,089,570	5,722,192	6,168,256	5,928,180	6,143,344
Germany	10,918,720	12,288,174	11,955,753	13,237,775	13,558,841	14,715,276	15,064,347	13,703,370	14,221,417	15,492,130
Greece	168,006	191,360	203,878	201,287	218,110	252,509	273,205	346,923	369,440	361,182
Hungary	293,637	407,984	490,828	595,989	622,780	573,036	614,593	929,986	767,175	905,931
Ireland	1,501,473	1,534,663	1,822,906	2,383,976	2,311,891	1,872,158	1,894,652	1,981,598	2,042,570	2,354,285
Italy	5,510,231	6,018,996	5,983,405	6,009,361	6,008,135	6,683,207	7,106,568	6,721,846	7,365,891	8,295,319
Latvia	9,075	15,877	17,015	20,635	18,523	55,769	39,087	59,987	47,816	58,677
Lithuania	57,967	34,013	40,640	45,072	63,850	73,285	114,645	131,918	163,578	216,643
Luxembourg	30,858	38,678	19,549	24,749	26,643	33,035	30,807	32,555	28,658	38,684

Table 3 continued: Australia's Merchandise Imports from EU, 2012-2022, by country

IMPORTS	Financial Years									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Malta	14,028	20,952	25,545	20,924	21,014	15,677	20,732	19,177	25,835	26,906
Netherlands	1,770,406	1,902,612	2,043,737	2,178,349	2,377,846	2,701,454	3,394,865	2,810,573	3,075,251	3,406,759
Poland	551,589	639,974	764,659	838,158	982,435	1,054,563	1,020,705	1,340,969	1,577,193	1,652,406
Portugal	137,522	149,885	163,866	201,542	210,903	279,145	303,437	270,490	370,796	374,508
Romania	74,518	106,051	114,460	247,947	157,469	196,489	218,362	206,066	285,815	277,688
Slovak Republic	250,641	394,300	382,412	427,556	339,596	309,374	335,147	455,137	581,507	515,432
Slovenia	69,316	99,751	116,637	130,423	152,167	170,726	158,088	181,933	192,263	193,336
Spain	2,932,670	3,348,523	2,013,275	2,157,497	2,042,612	2,491,822	2,777,369	2,101,925	3,040,809	2,588,540
Sweden	2,296,825	2,117,598	1,924,274	2,098,628	2,150,790	2,668,127	2,277,321	1,906,162	2,061,344	2,389,266
	35,991,078	39,679,308	38,049,103	41,361,570	42,332,296	46,548,533	49,019,437	46,962,600	49,982,420	55,076,509

Last updated: November 2022 using ABS catalogue 5368.0 (September 2022 data) using DFAT's Trade Import Export Classification (TRIEC) at the 1-, 2-, 3- and 4-digit levels (DFAT, 2022d).

Table 4: Australia's Merchandise Exports to EU, 2012-2022, by country

EXPORTS	Financial Years									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
EU (excluding UK)										
Austria	88,631	85,338	76,526	76,210	47,007	57,353	36,182	37,872	50,074	58,567
Belgium	1,435,665	1,192,487	1,136,073	1,036,366	1,256,252	1,113,963	1,184,178	1,028,221	1,138,830	1,845,941
Bulgaria	152,909	104,702	146,526	89,693	53,692	29,613	60,480	36,239	141,847	23,169
Croatia	1,228	2,303	2,781	11,024	6,730	3,793	3,298	3,763	64,115	3,451
Cyprus	3,654	3,312	2,099	3,524	4,313	4,408	8,947	6,146	5,850	6,551
Czech Republic	97,887	117,598	139,438	142,742	137,428	204,838	160,711	116,644	109,976	122,733
Denmark	191,519	100,538	116,353	122,380	183,543	86,234	112,975	122,166	130,341	125,695
Estonia	12,383	6,989	5,074	11,972	10,269	9,232	9,135	23,258	4,864	5,066
Finland	158,857	55,209	35,768	33,379	72,308	74,051	82,320	66,249	226,712	348,772
France	1,189,929	1,185,515	1,089,789	1,129,524	1,430,477	1,554,563	1,518,889	1,371,139	2,351,216	2,619,297
Germany	1,986,339	1,814,384	1,604,169	2,201,987	2,659,960	2,515,913	2,793,125	3,564,410	3,692,834	4,736,249
Greece	10,274	11,671	12,691	15,000	21,347	27,990	24,887	44,527	59,560	71,059
Hungary	16,123	17,498	24,395	25,975	30,250	31,328	49,364	55,584	54,097	44,367
Ireland	73,546	62,334	54,960	70,925	100,669	103,987	108,257	104,101	109,890	105,367
Italy	718,073	686,007	714,916	734,035	758,777	807,309	810,056	603,924	649,303	1,277,252
Latvia	8,913	11,685	8,428	5,684	10,225	14,525	24,781	18,272	34,667	53,124
Lithuania	5,071	5,411	7,795	7,894	8,095	6,690	6,964	8,646	16,613	19,072
Luxembourg	1,717	1,764	6,745	5,772	3,737	3,065	63,902	15,225	1,707	3,993

Table 4 continued: Australia's Merchandise Exports to EU, 2012-2022, by country

EXPORTS	Financial Years									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Malta	6,504	4,042	4,865	3,251	4,466	3,640	5,393	4,783	4,047	4,768
Netherlands	2,484,819	2,179,927	2,361,160	2,215,372	3,147,109	3,312,290	3,616,809	3,049,526	2,588,337	7,050,627
Poland	111,466	253,641	295,595	278,313	486,136	415,729	598,980	438,685	387,747	1,074,515
Portugal	12,212	20,606	17,159	14,660	53,482	34,807	20,883	19,502	30,815	25,891
Romania	21,176	47,571	58,089	39,802	86,855	45,542	40,251	31,389	104,415	25,402
Slovak Republic	2,160	3,190	2,406	21,079	6,799	3,450	3,736	3,573	3,036	19,145
Slovenia	12,719	42,771	11,655	48,127	94,477	93,198	66,762	64,332	62,753	295,823
Spain	464,587	466,251	597,950	516,295	695,177	777,801	743,824	370,607	716,857	1,334,577
Sweden	259,978	298,288	260,476	274,459	318,933	356,007	491,354	419,669	296,702	718,751
	9,528,339	8,781,031	8,793,880	9,135,445	11,688,513	11,691,320	12,646,441	11,628,453	13,037,205	22,019,223

Last updated: November 2022 using ABS catalogue 5368.0 (September 2022 data) using DFAT's Trade Import Export Classification (TRIEC) at the 1-, 2-, 3- and 4-digit levels. (DFAT, 2022d)

Table 5: Businesses by Annualised Employment Size Range, 2021-2022

	Operating at start of financial year 2021	Entries - Births	Entries - Other	Entries - Total	Exits - Cancellations	Exits - Other	Exits - Total	Net movement of surviving businesses	Operating at end of financial year 2022	Change	Percentage change	Entry rate	Exit rate
	no.	no.	no.	no.	no.	no.	no.	no.	no.	no.	%	%	%
2021-22													
Non-employing	1,410,049	241,885	112,211	354,096	190,123	38,849	228,972	14,978	1,550,151	140,102	9.9	25.1	16.2
Employing													
1-4	711,364	89,286	18,713	107,999	45,496	17,796	63,292	-27,312	728,759	17,395	2.4	15.2	8.9
5-19	220,427	6,605	2,444	9,049	6,793	4,082	10,875	8,501	227,102	6,675	3.0	4.1	4.9
20-199	56,046	838	624	1,462	946	868	1,814	3,661	59,355	3,309	5.9	2.6	3.2
200+	4,368	66	59	125	25	107	132	172	4,533	165	3.8	2.9	3.0
Total employing	992,205	96,795	21,840	118,635	53,260	22,853	76,113	-14,978	1,019,749	27,544	2.8	12.0	7.7
Total	2,402,254	338,680	134,051	472,731	243,383	61,702	305,085	0	2,569,900	167,646	7.0	19.7	12.7

ABS (2022b).