

FREE TRADE IN ASIA DRIVING EXPORT EXPANSION

EXPORT CASE STUDY | JUNE 2018

Australia's largest manufacturer of enclosures, racks and cabinets has built a strong international presence with the help of the North Asian Free Trade Agreements.

Established in 1955, B&R Enclosures has built a reputation in the design, manufacture and supply of complete enclosure solutions that are trusted by some of the largest companies in the world including Boeing, BHP Billiton, Rio Tinto and the Federal Government.

After success in the domestic market for over six decades, in 2005 B&R focused its sights on expanding internationally. The company identified Asia as a potential market and has been exporting to the region ever since.

Australia's FTAs reduce import costs

The introduction of Australia's Free Trade Agreements (FTAs) resulted in reduced tariffs for a number of B&R products. Under the China-Australia Free Trade Agreement (ChAFTA), the tariff on exports of Australian electrical protection equipment was previously 7.5 per cent. This has now been reduced to 1.8 per cent and will be eliminated on 1 January 2019.

B&R's National Supply Chain Manager, Kevin Colwell says, 'The tariff reductions under ChAFTA have allowed the company to cut costs on exporting and importing raw materials, leading to product price reductions and helping the company become more competitive.'

'Thanks to ChAFTA, we've been able to reduce the cost of our products by 4 to 5 per cent. This has made us more competitive on a global scale,' he says.



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Kevin Colwell, National Supply Chain Manager,
B&R Enclosures

Mr Colwell adds, 'We have spent a lot of time and money to make our products world-class; the FTAs help us do that in a cost-effective way.'

Understanding the culture of your export market is key

Mr Colwell says, 'B&R found that understanding market culture and how people do business has been crucial to their success, a lesson learned during the establishment of their manufacturing facility in China.'

'In China, cultural differences are massive. It's important to understand and research the local people and their ways of doing business,' he says.

B&R were able to overcome any cultural differences by researching the market.



Australian Government

Australian Trade and Investment Commission



'We made sure to do our homework and research how business in China is done,' says Mr Colwell.

'We found that simple things like signing a contract were much more difficult than we expected, so it's important to be prepared with a plan and work hard at it.'

Additionally Mr Colwell advocates regular in-market visits with suppliers and manufacturers to ensure products are made with quality and your contract agreements are met.

'We've seen some horror stories of people having their products made by manufacturers that use different grades of steel or lower-quality materials,' Mr Colwell says.

'I always make sure to walk through and see what our manufacturers and suppliers are doing with our products.'

Austrade a useful tool for new exporters

Mr Colwell says new exporters should consider seeking advice from Austrade before entering into any new markets.

'Austrade was an invaluable asset to us during our exporting journey,' he says.

'They gave us a lot of advice and support in our initial stages and helped us with finding translators and getting past all the legalities of exporting.'

To find out more about Australia's FTAs, visit austrade.gov.au/fta

About Austrade

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- › develop international markets
- › win productive foreign direct investment
- › promote international education
- › strengthen Australia's tourism industry
- › seek consular and passport services.

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