The Nielsen Company
11 Talavera Road
Macquarie Park NSW 2113
www.nielsen.com

News Release

Contact:

Warren Gillmer (Australia): warren.gillmer@nielsen.com +61 (02) 8873 7615

AS WORLD TRADE FLOUNDERS, MORE AUSTRALIANS SUPPORT TRADE RESTRAINTS ON IMPORTS: NIELSEN

AGRICULTURE & CLOTHING/FOOTWEAR CONSIDERED MOST VULNERABLE SECTORS

While Australian Government policy makers pledge closer cooperation with world leaders in dealing with a host of pressing economic issues, not least of which are protectionist barriers to global trade, across the world their respective populations may not be so inclined.

Responding to a survey of 25,420 consumers in 52 nations conducted by The Nielsen Company, close to half (45%) of respondents said they supported protectionist efforts by their governments to place trade restraints on foreign imports.

Geographically, the percentages were even higher, with Australians (53%) ranked 13th globally in support of trade restraint efforts, ahead of Latin America (49%), North America (48%) and the combined regions of Asia, India, Middle East and Africa (47%).

In Europe, however, only 39% of consumers concurred with the proposition; albeit attitudes differed considerably among nations with Nordic countries well below the regional average disagreeing with trade barriers, including Denmark (14%) and Sweden (15%).

Given the broad range of nations engaged in some form of trade restriction – including tariffs, subsidies and anti-dumping rules – the industries involved are equally diverse. However, none is more universally protected than agriculture, with 64 percent of respondents globally believing the industry should be shielded from foreign imports. Not

surprisingly, Australia, as a prominent agriculture products exporter (estimated at 3% of GDP), is among the top 13 countries to express strong support for protection of Agriculture (80%).

The second most protected industry nominated globally was Clothing and Footwear Manufacturing, which 54 percent believe should be shielded from foreign imports. Possibly in response to major job losses with Australian clothing manufacturer Pacific Brands' announcement that it was moving all production offshore, Australia (72%) was in the top 5 markets supporting this manufacturing sector from foreign imports.

Although current findings show sizeable support for trade restraints, talk of global protectionism still outweighs the reality. But WTO Director-General Pascal Lamy says that could change. Forecasting a 10 percent slump in the volume of world trade this year – a post-war record – Lamay warns that even if economic activity begins to pick up in parts of the world, unemployment will continue to rise, prompting moves to protect local jobs and industries.

In the past weeks we have seen an example of this shift to protecting local jobs and industry on our own doorstep. In response to rising unemployment, the Labor Government's recent agreement with the ACTU and the two big manufacturing unions, sets in place policies which will win "billions of dollars" of additional work for Australian firms in government-funded projects.

Under the new plan, all companies building major government-funded infrastructure must include cost over the whole life of the project, the history of the prospective supplier and evidence that the supplier complies with the government's new industrial relations laws.

Despite support for protectionist policies within their own borders, consumers everywhere were markedly less enthusiastic about such practices in other countries. Indeed, when asked whether foreign governments should place trade restraints on imports, support was least enthusiastic among consumers whose economies are largely export-driven; for example, Finland (8%), Sweden (10%) and Denmark and Japan (12%). Although exports remain a strong contributor to our economy, Australians were more pragmatic about barriers by foreign countries, with only 35 percent agreeing.

So far, according to Nielsen's data, more than half (55%) of all consumers in its survey favour hiring practices that treat new immigrants the same as native born or long-term residents; versus only one in five (22%) who disagree. Yet, a small percentage more (59%) believe governments should favour those businesses that hire native born or long-term residents; versus 17 percent who disagree.

One possible explanation may be that consumers distinguish between the practices of private enterprises and those of government. In other words, free markets should treat all people equally, while governments should favour their own citizens. That is a sentiment that is shared across all regions, according to the Nielsen survey.

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