

Business Leaders' Forum 2017

Pathways to Prosperity



6 March 2017
Kyogle



Its all a piece of the puzzle.....

FTAs don't re-write the rules for doing business

- Relationships and local knowledge still matter
- The legal systems in countries remain markedly different to ours
- Common sense and good judgement remain hardy perennials

They should be seen in the context of the broader economic and trade environment.

- Forex
- Non-Tariff Barriers

Quarantine

- Sanitary and Phytosanitary measures
- Do not confuse market access protocols with free trade agreements

IP protection

- Few markets are immune from bribery and corruption.
- - Reverse Nike Rule – “Just Don't Do It”

Ease of Doing Business: all markets are different and some are easier to navigate than others – do your homework

Demand – at the risk of stating the obvious, a competitive tariff will make little difference if a product simply doesn't appeal to local tastes.



International business is a significant contributor to the NSW Economy



INTERNATIONAL INVESTMENT STOCK
\$2.78 Trillion in Australia, 2014

NSW received 49% of China's investment into Australia in 2015



EXPORT OF GOODS & SERVICES
\$62 Billion NSW, 2014-15
12% of GSP



JOBS IN NSW
1 in 5 jobs is dependent on international trade
10% increase in exports could deliver 70,000 new jobs to Australia



Where do we have FTAs?

- TAFTA Thailand-Australia
- MAFTA Malaysia-Australia
- TAFTA Thailand-Australia
- ChAFTA China Australia
- KAFTA Korea-Australia
- AUSFTA Australia – US
- AANZFTA ASEAN
- Australia Singapore
- Australia New Zealand
- Australia-Chile FTA
- JAEPA Japan-Australia Economic Partnership Agreement



Expected benefits of NorthAsian FTA

- Good liberalisation
- ■ *Goods liberalisation* under the FTAs is expected to lead to:
 - – Australia's exports of goods to North Asia being 11.7 per cent (or \$16.9 billion) higher in 2035 than they would otherwise have been (in the absence of the FTAs); and
 - – Australia's exports of goods to all countries being 1.6 per cent (or \$5.4 billion) higher in 2035 than they would have otherwise have been.
- Services liberalisation
- ■ *Services liberalisation* under the FTAs is expected to lead to:
 - – Australia's exports of services to North Asia being 13.9 per cent (\$2.2 billion) higher in 2035 than they would otherwise have been; and
 - – Australia's exports of services to all countries being 2.1 per cent (\$1.8 billion) higher in 2035 than they would otherwise have been.



The Markets: CHINA

Agriculture

- China responsible for 43% growth in agricultural demand by 2050
- In 2014, China consumed
 - 50% of world pork production
 - 30% of world rice crop
 - 22% of world maize crop
 - 17% of world wheat crop
- China is Australia's largest agriculture, forestry and fisheries market
- Immediate opportunities in
 - Animal feed and nutrition – oaten hay, barley, sorghum and lucern hay



The Markets: JAPAN

Agriculture (cont.)

- Since JAEPA
 - 10-fold increase in fresh table grapes (\$A0.6M to \$6.5m)
 - 10-fold increase in shelled almond exports rose (\$A0.4m to \$A4.1m)
 - 62% increase in rolled oats
 - 75% increase in exports of beef tongue (\$A75m)
 - 41% increase in asparagus
 - 24% increase in fresh/chilled beef
 - 15% increase in frozen beef
 - 11% increase in exports of bottled wine



The Markets: Republic of KOREA

Agriculture (cont.)

- Since KAFTA
 - 50 fold increase in exports of Brussel sprouts
 - 7 fold increase in exports of fresh navel oranges
 - 4 fold increase in exports of almonds
 - 50% increase in processed cheese, butter and dairy exports
 - 35% increase in exports of chilled and frozen beef, lamb
 - Tasmanian Cherry exports increased from 5 tonnes to 185 tonnes



The Opportunities

Horticulture Market Opportunities

- China
 - Fresh fruit (citrus, table grapes, cherries)
 - Wheat and Barley
 - Natural Fruit Juice
- Japan
 - Fresh vegetables
 - Fresh fruit
 - Grains and Pulses (wheat, barley, millet)
- Korea
 - Fresh vegetables (asparagus, potatoes for chipping)
 - Nuts (almonds, macadamia)
 - Citrus (oranges and mandarins)



The Opportunities

Process Food and Beverages

- China
 - Milk Powders, UHT and pasteurised milk, cheese and butter
 - Seafood (saltwater shell fish)
 - Chilled and frozen meat (red meat only)
- Japan
 - Health foods (e.g. bovine cartilage powder, whey protein powder, dried barley grass)
 - Ready-to-eat meals (targeted at the elderly)
 - Natural and organic products
- Korea
 - Organic foods (wheat flour, dried fruit, baby food, fruit juices)
 - Confectionary (includes cookies, jellies and chocolate)
 - Speciality cheeses and natural cheeses



The Opportunities

Seafood

- China
 - Abalone
 - Shell fish (rock lobster)
 - Shrimp and lobster
- Japan
 - Fresh and frozen oysters
 - Short-finned eel
 - Shark-meat
- Korea
 - Fish (cod, pollack, mackerel, yellow cracker, snapper, ribbon fish,
 - Shell fish (king crab, blue swimmer crab)
 - Premium seafood (salmon, green mussels, live lobsters)



What does it take to be an successful exporter?

- Exporting can be a **profitable** way of **expanding your business**, spreading your **risks** and reducing your dependence on the local market.
- Austrade research shows that, on average, **exporting companies are more profitable** than their non-exporting counterparts. Exporting exposes you to **new ideas, management practices, marketing techniques**, and ways of competing that you wouldn't have experienced by staying at home. All this considerably improves your ability to compete in the domestic market as well. By going overseas, you can become more efficient and increase your productivity. Exporting companies have better growth prospects, highly skilled, highly productive staff and tend to adapt technology and best practice techniques faster.
- Even if you have a limited domestic market, you should think about exporting - around a quarter of new exporters are born globals. Global brands can be built from small local companies – especially in rural and regional Australia.



Getting Ready for Export

Checklist

- ✓ Export knowledge and skills - Take a course in export basics.
- ✓ Get your objectives right – Why are you doing it?
- ✓ Significant management time and strong management commitment.
- ✓ Plan, research, plan, research.
- ✓ Strength in the domestic market
- ✓ The resources to succeed - \$ and people
- ✓ Talk to an Export Adviser

Resources

- Austrade www.austrade.gov.au
- DFAT portal www.ftaportal.dfat.gov.au
- EFIC www.efic.gov.au
- Export Council of Australia www.export.org.au

Thank you