

BUSINESS NEWSLETTER

A PUBLICATION OF THE HIGH COMMISSION OF INDIA, CANBERRA



White Paper on Australia in Asia's 21st Century

The Australian federal government has released a White Paper on 28th October 2012 that looks forward to a more diverse economic relationship of Australia with the Asia region, especially one beyond the supply of resources. The paper flags the country's most important partners in Asia, with India figuring in the top five, a reflection of its potential as a major economic and strategic player in the region.

The white paper sets the goal of increasing the value of Australia's trade with Asia to one third of gross domestic product by 2025, up from about one quarter now. It commits the government to develop country specific strategies as the highest priorities setting out objectives for relationships. The white paper says the explosion in the Asian middle class will be a boon for agriculture as new opportunities emerge in high-quality food production. It also predicts new opportunities for manufacturing and predicts rising incomes in Asia will boost education and tourism.

The Government announced a \$6 million grants scheme, called the Asian Century Business Engagement Plan -- to boost business links in Asia.

It says the mining sector and its related industries will continue to grow strongly. While the terms of trade are expected to decline, they will remain at historically high levels. Coal and iron ore mining output will continue to grow while liquefied natural gas production is expected to develop rapidly to become a major export industry.

Inside This Issue

White Paper on Australia in Asia's 21 st Century	1
Business Opportunities	4
Business related events in Australia	5

The main objectives of the White paper for Australia are;

- GDP per capita to be in the world's top 10 nations, at about \$ 73,000
- The school system to be in the world's top five nations
- Ten Australian Universities to be ranked in the top 100
- All school children to have the opportunity to study an Asian language and that gonski funding should depend on schools meeting the proposed Asian curriculum
- Innovations to be in the top 10 nations
- Australia to be in the top five nations for ease of doing business

The paper declares that Australia welcomes foreign investment identifying four priority areas as tourism, clean energy, innovation (including manufacturing) and economic and social infrastructure, while excluding mining or real estate development that have been major areas of investment from Asia. The white paper says efforts will be made to " enhance transparency of Australia's foreign investment screening process, including publicly explaining decisions where possible and greater efforts to reach out to businesses and governments".

Australia's Immigration Minister has stated that the country was set to capitalise on Asia's skilled population to create an educated, productive workforce to bolster the economy. He acknowledged that streamlining the student visa assessment process will make it easier for migrants to study and encourage skilled people to contribute to Australia's development.

But it warns that a growing Asia will make managing regional flashpoints such as the South China Sea "more urgent" as Asian military capabilities and global interests grow.

The white paper says Australia will have to embark on an agenda of improving its education, skills, innovation, productivity and infrastructure and also undertake continuing tax and regulatory reform to take advantage of the rising Asian tide.

It sets goals of having Australia in the top five countries for ease of doing business by 2025 and in the top 10 for its innovation system.

The paper flags tackling infrastructure bottlenecks – including looming capacity constraints at Sydney Airport – as a key to managing the expected threefold growth in tourist and commercial movements through the nation's airports and ports as Asian demand grows.

The white paper predicts Australia's trade links with Asia will be at least one-third of gross domestic product by 2025, up from 25 per cent last year. It unveils a blueprint for a deeper engagement with Asia, including linking every school with an Asian counterpart, Asian languages being a core part of the Australian curriculum, granting 12,000 scholarships to Asian students to increase links with the region.

It recommends opening new diplomatic missions in certain countries when circumstances allow. The white paper calls for the appointment of a Jakarta-based ambassador to ASEAN, the continued pursuit of free trade in Asia and for

one-third of company directors of ASX 200 companies to have a deep understanding of Asia.

It sets ambitious goals by 2025 of having 40 per cent of all 25- to 34-year-olds holding a qualification at bachelor level or above, up from 35 per cent last year, and increasing the number of Australian university students undertaking part of their degree in Asia. The white paper calls for three-quarters of working-age Australians to have an entry-level qualification by 2025, up from just under half in 2009.

The white paper says the Asian boom can boost Australian income to \$73,000 by 2025 from \$62,000, pushing Australian living standards into the world's top 10.

Against the backdrop of an ageing population and a projected decline in the level of the terms of trade in the coming decades, this is expected to require a productivity performance roughly comparable to that experienced in Australia in the 1990s.

Trade Minister Craig Emerson was promoted to a new role of assisting the Prime Minister on the delivery of the objectives of the white paper, which urges more bilateral meetings with Asian ministerial counterparts.

In launching the white paper, the Australian PM announced that the 21st century would see Asia's return to leadership and the rise of the Asian middle class would produce a new market for a "high-wage, high-skill Australia". Australia would continue to benefit from Asia's appetite for raw materials and energy, but beyond that there was a need to build "greater resilience in the Australian economy" including strengthening sectors such as agriculture, tourism, financial services, health and education, transport and logistics and manufacturing.

Assessment/Reaction to the White Paper

The Opposition Leader, Tony Abbott "broadly welcomed" the document, saying it was full of laudable goals but did not contain many specific initiatives. "To some extent, the government is scrambling to overcome some serious failures in its relationship with Asia, most notably the early ban on uranium sales to India and the catastrophic ban on live-cattle sales to Indonesia."

The general perception about the white paper is that it contains some of the most ambitious benchmarks in Australia's history but that policy framework will fall short of their delivery. It is based on the premise that Australia will lift its productivity, competitiveness, innovation, educational excellence and cultural adaptation to Asia.

The need for diversification of the economy is recognized in all quarters with emphasis on a range of services and manufacturing requiring a lot of skills and a different kind of effort.

The thrust of the Asia white paper puts the Government into the best possible position to pursue a broad-ranging reform agenda. The first two priorities of the paper concentrate on the need for developing skills, training and education with a particular Asian bent, while much of the others has education as a subset to encourage cultural and personal exchanges.

The broad thrust of the white paper is to seek educational and cultural awareness and integration at all levels of training and schooling so that business, trade and cultural pursuits all benefit from a systemic increase in the knowledge and understanding of Asia.

Education is perceived as the growth industry in the region for Australia, with the long-term hope of lifting the massive export opportunities in education as a sustainable buffer and alternative to the finite resources boom.

To view the list of all Australian

Government Tenders, visit

<https://www.tenders.gov.au/>

Business Opportunities

1. The Indo-Australian Chamber of Commerce based in Chennai headed by Shri Sarat Chandran, Director led a 17 member delegation to Melbourne on 17.10.2012 and held B2B discussions with local entrepreneurs. The visit was sponsored by the City of Melbourne and Department of Business and Innovation, State Government of Victoria. The seminar commenced with an introduction by the Team Leader of City of Melbourne, Mr. Michael Anderson, followed by a lecture by the Deputy Lord Mayor of Melbourne Ms Susan Riley and by the Consul General of India. The participating companies represented the teaching line (colleges, institutes), IT Solutions, business outsourcing, renewable energy solutions, banking, corporate management. The Consul General attended the Seminar and addressed the participants.

2. City of Melbourne hosted a networking dinner in honour of a 9-member visiting Indian automotive designers on 24.10.2012. RMIT University and the Australia India Institute jointly sponsored the visit. The meeting was addressed by Mr. Michael Anderson, Team Leader, Global City, City of Melbourne and Mr. Geoff Lawler, Director, City Planning & Infrastructure, City of Melbourne. Mr. Girdher Katta, Deputy General Manager Styling Studio at Mahindra REVA Electric Vehicles Pvt Ltd gave a short introduction about the visit of their group to Melbourne. Their aim for coming to Melbourne for 10-day training program was to consolidate sustainable vehicle design capabilities within automobile manufacturing firms in India. Most of these designers belonged to the Indian Institute of Technology. Others who were present were Mr. Simon Curlis, Lecturer at the RMIT University, Mr. Ravi Bhatia, President of AIBC, Mr. Richard Reilly, CEO of Federation of Automobile Products Manufacturers.

3. Victoria has retained its triple-A credit rating after a report from Standard & Poor's stating that the State Government was well prepared to take the right financial decisions to ensure its finances are strong and economy is well positioned for growth.

4. The International Tractors Limited of Sonalika Group plans to set up a tractor assembly unit in Australia. A senior representative of the company visited Perth from 25-28 October 2012 to identify a partner and met with WA Government authorities at the Department of State Development and Agriculture Ministry. The senior representative also met several agents and distributors. The company is expected to take a decision after exploring options in other states of Australia.

5. Shri G.C. Chaturvedi, Secretary, Petroleum & Natural Gas (also Chairman of Petronet LNG Ltd) led an 8-member delegation, including Shri R.S. Butola, Chairman, Indian Oil Corporation Ltd, Shri B.C. Tripathi, Chairman & Managing Director, Gas Authority of India GAIL and Dr. A.K. Balyan, MD & CEO, Petronet LNG Ltd to Perth on 29-30 October 2012. The visit was intended to understand progress in Gorgon LNG project from where Petronet LNG Ltd would be receiving 1.5 million tonnes of gas per annum (mtpa) from ExxonMobil as per a 20-year supply agreement concluded in 2009 and to explore opportunities for cooperation in oil & gas sector. During the visit the delegation met Western Australia (WA) Premier Colin Barnett, visited Barrow Island and had meetings with the senior functionaries at the Department of Mines & Petroleum and the Department of State Development. Premier Barnett expressed WA Government's desire to collaborate with India in oil & gas sector and invited Indian companies to acquire stakes in projects in addition to importing gas from the state.

6. Lanco Infratech announced its desire to invest an estimated \$1.2 billion on expanding the production capacity of coal mines in Coli (Griffin Coal), develop Bunbury Port and construct rail access to the Port from mining area. The target is to increase production capacity to 20mtpa from current level of 4 mtpa at a cost of \$300–600 million, so that 12 mtpa of coal could be exported in three years.

7. Woodside Petroleum, a leading WA oil and gas company, would jointly with Daewoo International Corporation undertake drilling and exploration in Rakhine deep water basin of Myanmar for oil and gas. Woodside Petroleum would have a 40% share in production.

Business related events in Australia

1. Kerala Tourism held a Road show in Melbourne (Hotel Intercontinental Rialto) on 24.10.2012 which was attended by the Hon'ble State Minister for Tourism Mr. A.P. Anil Kumar and Tourism Secretary Mr. Suman Billa. Consul General was also present and addressed the participants. There were approximately 10 tour operators from Kerala and around 50 people registered for the event.

2. Kerala Tourism Minister Shri AP Anil Kumar accompanied by State Tourism Secretary Shri Suman Billa visited Perth on 25–26 October 2012. Kerala tourism road show was organized at the Pan Pacific Hotel, Perth on 25 October. Besides tour operators from Kerala, over 25 travel and tour operators in Western Australia attended the road show, which included presentations, documentary film shows on tourist attractions of Kerala and opportunities for visitors from WA as well as B2B meetings. The event also witnessed a “Go Kerala Contest” – lucky draw & prize distribution.

3. Chamber of Commerce and Industry of WA (CCI), in its latest quarterly business outlook report, estimated the WA economy to grow at 6.5% in 2012–13 and 2013–14. Though slowdown in

Chinese economy and falling commodity prices remain concerns, CCI feels WA economy will remain strong in short term owing to a number of projects in pipeline. It also predicts a 15% growth in investments. Comm Sec's state of States report also expects WA to remain Australia's best performing economy for years to come. The report noted both WA and NT would continue to provide strong job markets with unemployment rate contained at 3.9%.

4. The University of Western Australia has received \$22 million in research grant from the Australian Research Council. UWA vice chancellor Paul Johnson said that UWA has received international recognition for its quality research programmes. UWA set a target to get entry into top 50 universities in the world with research activities by 2050.

Useful Links

These are links to procurement policy documents, guidelines and general information that will assist in understanding the Australian Government procurement environment.

Selling to the Australian Government – A guide for business

<http://www.finance.gov.au/publications/selling-to-the-australian-government/index.html>

Australian Government Procurement Policies

<http://www.finance.gov.au/procurement/>

Commonwealth Procurement Rules

<http://www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules/index.html>

Commonwealth Procurement Circulars

<http://www.finance.gov.au/publications/finance-circulars/procurement.html>