

BUSINESS NEWSLETTER

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Australian Economy and Trade relations – A brief round up

The GDP size of the economy in the last fiscal year was A\$ 1.5 trillion with finance and insurance, manufacturing, construction, mining and professional services the bigger industries in terms of percentage of GDP and employment. Resources mainly, iron ore, coal, gold form the largest chunk of export volumes followed by education services, travel services, oil and gas etc. Imports constitute personal travel services, crude petroleum, passenger vehicles, refined petroleum and others. China is the largest trading partner, followed by Japan, Korea.

India is the 4th largest export destination and 21st largest import source for Australia. Australia's top merchandise exports to India were coal, gold, copper ores, crude petroleum, wool, vegetables etc and top merchandise imports were medicaments, pearls and gems, passenger motor vehicles, jewellery, manufacture of base metal, organic compound, textiles etc. Australia's imports of goods and services come mainly from China, US, Japan, Singapore, Germany and others. India is the third largest importer of gold from Australia, importing A\$ 2.95 billion worth in 2011–12, the second largest importer of coal (A\$ 6.5 billion), second largest for import of copper ores (A\$1.44 billion) and second largest importer of education services (A\$ 1.6 billion).

China is Australia's largest export destination and largest import source.

The Australian economy is still characterized

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as a two speed economy with the mining sector dominant as against the others collectively and as one with high terms of trade, high AUD with a need to rebalance/transition growth from mining investment to non-mining sectors and a softening labour market. Savings rates continued to be high and credit growth slower. Fiscal tightening at both the federal and State level generally weaken revenue environment, which will be exacerbated by the decline in the terms of trade. The agriculture sector has gained from much improved rainfall and sub-soil moisture.

Australia's fiscal position remains strong on a global basis (though boosted by the terms of trade) Commodity prices and terms of trade have traditionally driven the AUD. Mining, energy and infrastructure have surged since 2008 and is forecast to peak in 2013. recently, the second phases of some projects and a number of projects have been delayed or cancelled. This should affect the pipeline of activity from 2014. fragile global economic conditions, falling commodity prices, a high Australian dollar and cost pressures, are the key vulnerabilities to the pipeline of investment projects. Mining related investment activity has been strengthened recently, especially in Western Australia and Queensland. Employment growth rate remains slow. The trend of a weaker USD remains, with increased overseas flows into Australian bonds explaining much of the AUD's overvaluation.

The economy is forecast to grow at 2.6% and 3.5%, in terms of GDP, in 2013 and 2014.

Related economic developments

High Commissioner makes an official visit to Northern Territory

High Commissioner paid an official visit to Darwin from 5–9 March 2013 at the invitation of Northern Territory (NT) Government and held meetings with the Administrator Hon. Sally Thomas, Chief Minister Terry Mills, Speaker Kezia Purick, Leader of Opposition Delia Lawrie and Justice Stephen Southwood of Supreme Court. HC also received briefings from authorities of Darwin Port Corporation, Department of Business, Charles Darwin University Office of DFAT and Chamber of Commerce. The Territory's economy, status of major projects, trade & investment opportunities as also current status of relations with India were covered during various interactions. The leadership of NT expressed their keenness to deepen economic engagement with India and invited Indian companies to participate in resource projects in the Territory. Vice-Chancellor of CDU Prof Barney Glover conveyed that he would be visiting India later this year to establish academic connections with educational institutions in South India.

Delegation from KRIBHCO visits Northern Territory

A delegation from Krishak Bharati Cooperative Limited (KRIBHCO) visited Northern Territory (Alice Spring and Darwin) from 4–8 March 2013 to explore opportunities for JV partnership in mining & supply of phosphate. The delegation held meetings with authorities at the Department of Mines and Energy, Department of Business, Land Development Corporation and Power & Water Corporation to understand policy regulations, incentives and facilities offered by the NT Government to potential investors in the Territory.

Court quashes law suit against ICICI Bank

A Federal Court rejected Perth-based Perdaman Chemicals and Fertilisers' law suit against ICICI

Bank seeking damages. ICICI had provided finances to Lanco Infratech to acquire Griffin Coal in Western Australia. Perdaman had sued Lanco for not honouring a coal supply agreement with Griffin Coal and the matter is before WA Supreme Court. The Federal Judge ruled that ICICI Bank cannot be sued in Australia over its role.

Hancock Prospecting urges Federal Government to reconsider stance on 457 visas

M/s Hancock Prospecting called for a rational debate over visas for foreign workers stating that it would not be reasonable to expect foreign companies to invest in Australia if they were unable to import project management and skilled workers. CEO of Roy Hill iron project urged that debate over 457 visas to be fixed in reality.

International Education Forum organised in Perth

The Australian Council for Private Education and Training (ACPET), WA chapter organised an International Education Forum on 19th February in Perth. WA Minister for Education Peter Collier inaugurated the Forum which was addressed by representatives from Department of Immigration and Citizenship, Austrade, Perth Education City etc. CG attended the event and delivered a speech on "Doing business in India".

Riverina Oils and Bio-Energy (ROBE) officially launched in NSW

Riverina Oils and Bio-Energy (ROBE) was officially launched at NSW Trade & Investment Centre, 11 March 2013 organised by Australia India Business Council NSW and Trade & Investment NSW who hosted the event. Mr Saxena MD of Robe said that the company had built a state of the art integrated oilseed crushing and refining plant with a crushing capacity of 500 tonnes of oilseeds per day. He said ROBE will produce 200 tonnes of refined vegetable oil and 300 tonnes of vegetable protein meal per day for the poultry, dairy and animal feed industries. The plant is located in Wagga Wagga

NSW Australia and is said to be Australia's first collaborative Indo-Chinese Investment Its bankers are the State Bank of India and AXIS Bank whom he thanked for their support. Consul General addressed the gathering. Among others who attended, were Mr Sean O Connor, Liberal Candidate from City of Sydney representing the Federal Leader of the Opposition Hon. Tony Abbott, Ms Sushmita Chadha-CEO, State Bank of India, Mr. Chris Hanger, Director regional programs and Services, NSW Trade and Investment and event sponsors Mr Scott Olding, Partner R & D KPMG.

ANZSOG India Advanced Leadership Program host official dinner in Sydney Cricket Ground (SCG)

ANZSOG India Advanced Leadership Program, collaboration between the Australia and New Zealand School of Government (ANZSOG) and the Government of India had an official dinner with guest of honour Greg Chappell at Sydney Cricket Ground on 12 March 2013. A group of Senior Officers who participated in the programme were present. Consul General attended the event.

Business Opportunities

NSL Consolidated enters into a JV with Vijay Group for development of iron ore projects in India

A Perth-based iron ore mining company M/s NSL Consolidated Limited has concluded a joint venture deal with Vijay Group under which the latter will provide \$12.2 million for expansion of three iron ore projects of NSL Mining Resources (a subsidiary of NSL) in Andhra Pradesh. With this investment, Vijay Group would gain an initial 40 per cent interest in NSL Mining Resources. The joint venture would further focus on development and expansion of existing as well as mining assets in India of NSL Mining Resources. According to NSL, the current production level of 74 million tonnes per annum is expected to grow to 200 mtpa by 2020.

JSPL to invest in Apollo Minerals

M/s Jindal Steel and Power is reportedly planning to invest \$10 million to acquire a stake in iron ore assets of Apollo Minerals. Jindal Steel and Power would become the majority shareholder of New Co, a new listed company formed by Apollo Minerals, through a \$10 million investment in its initial public offering. As per the deal, Apollo Minerals would transfer its iron ore assets to New Co to expedite their development and retain base and precious metals portfolio. The planned transfer would include iron ore tenements in Western Australia and South Australia as also Apollo's share in Gabon iron ore project. The company's WA tenements are believed to cover 750 square kms of land around 25 km south of the Cape Lambert Port. JSPL and NewCo would work together for the development of the iron ore projects. The deal would be subject to approvals of the Foreign Investment Review Board and the Department of Defence. Jindal is also looking for coal exposure and earlier this year lodged a \$22 million bid for Gujarat NRE Coking Coal, a NSW coal-miner Jindal already had a 19.5 per cent stake in. The Indian giant also has coal exploration interests in Queensland and is setting up a Brisbane office to support its Australian interests.

Upcoming Events in Australia:

Careers Education & Employment Expo (16–19 May 2013)

The Expo's primary objective is to interpret career and study options for students and adults. Approved education service agencies, Government officers in educational related fields, professional trainers, representatives of education funds, management consultants, training institutes, visa consultants, retailers & distributors of books for job seekers will be participating in the exhibition.

Venue: Perth Convention and Exhibition Centre

Website:

<http://www.careersandeducationexpo.exhibit.com.au/>

Austmine 2013 International Conference & Exhibition (20–23 May 2013)

Austmine and Mining IQ will be partnering to produce the Austmine 2013 International Conference & Exhibition from 20 – 23 May, 2013 at Perth Convention & Exhibition Centre, Perth, WA and will attract together an audience of international mining. Austmine is an International Conference & Exhibition that will showcase the best of the Mining, Equipment, and Technology Services sector.

Venue: Perth Convention and Exhibition Centre

Website: www.austmine2013.com/

WA Liquor & Hospitality Conference & Expo (14–15 May 2013)

WA Liquor & Hospitality Conference & Expo, an exclusive hospitality industry show, will be held from 14 –15 May 2013 in Perth, Western Australia. The Expo is known for showcasing hospitality products and services and provides delegates with new ideas and key business networks. Visitors include representatives of hotels, bars, resorts, taverns, restaurants, cafes, micro Breweries, caterers and producers.

Venue: Burswood Entertainment Complex

Website: <http://www.biztradeshows.com/trade-events/hospitality-expo.html>

Tenders

Tender for gas-fired power station in WA

M/s Horizon Power has called for expressions of interest by launching a global tender for a new gas-fired power station in Port Hedland from the private sector to build a 110 megawatt power station at the Boodarie industrial site in South Hedland from the end of 2015. Horizon is seeking generation of more electricity to keep the lights on in the Pilbara because the mining giants who generate power for the region no longer have spare capacity, and its current contract with Alinta Energy expires in three years.

Tender for design and construction of maritime structures in WA

Department of Transport has issued a tender number DOT407612 for maritime structures design and construction at Augusta Boat Harbour, Western Australia. A mandatory site inspection and tender briefing will be held at Augusta. Interested parties are required to contact Caittlin Smale by email to caittlin.smale@transport.wa.gov.au or phone 08 9435 7519 for further details. Tender closes on 10th April 2013 at 2:30PM Perth, Western Australia.