

# ASEAN NOW INSIGHTS FOR AUSTRALIAN BUSINESS

A report on Australia's trade and investment  
relationship with ASEAN



Australian Government



Australia  
UNLIMITED

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Brunei Darussalam  
Cambodia

Indonesia  
Lao PDR  
Malaysia

Myanmar  
Philippines

Singapore  
Thailand  
Vietnam

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## FOREWORD BY THE PRIME MINISTER

'ASEAN Now' marks both ASEAN's 50th anniversary and a historic juncture in ASEAN-Australian relations.

ASEAN embodies opportunity. Its support for open markets has helped create an environment in which regional real GDP has more than doubled in the last two decades.

Much of this growth is thanks to ASEAN's commitment to integration – reflected in the Declaration of the ASEAN Economic Community in 2015 – which will bring benefits to Southeast Asia and ASEAN's economic partners, including Australia.

But the value of ASEAN extends well beyond economics. ASEAN is the voice of the region on strategic issues, using its influence to shape a world where might is not right and where global citizens – big and small – uphold international rules and norms.

Australia's relationship with ASEAN has gone from strength to strength. Since becoming ASEAN's first Dialogue Partner in 1974, we have worked to support the organisation's economic integration and trade liberalising activities as well as supporting other pillars of activity.

Today, ASEAN as a group is one of our top three trading partners, representing around 15 per cent of Australia's total trade. Our security, people-to-people, education, cultural and tourism links are substantial and growing.

In 2014, we elevated our relationship with ASEAN to a Strategic Partnership with biennial leaders' summits commencing in 2016.

I look forward to hosting ASEAN Leaders in March 2018 at the ASEAN-Australia Special Summit in Sydney.

The Special Summit is a historic and unprecedented opportunity to strengthen Australia's strategic partnership with ASEAN and deliver tangible security and economic benefits to both sides. It represents the next bold step in our close relationship.

Australia and ASEAN's futures are closely linked. In the current climate of global change, we must all take on greater responsibility for leadership and work more closely together in every respect.

I commend 'ASEAN Now' to you and trust it will help us to realise the vast potential of our region.

**The Hon Malcolm Turnbull MP**



## FOREWORD BY THE MINISTER FOR TRADE, TOURISM AND INVESTMENT

Australian business have an exciting opportunity to capitalise on the significant and growing opportunities available on our doorstep in the ASEAN region.

The statistics are compelling.

Already equivalent to the fifth largest economy in the world, the ASEAN region is expected to grow by at least 5.4 per cent each year for the next decade and beyond, well above the global average.

The region's 637 million people are young and entrepreneurial – by 2030, 500 million people in ASEAN will be working age.

There is a strong fit between ASEAN's growth drivers and the goods and services Australia has to offer. The region has a young, and increasingly urbanised, digitised, educated and wealthy consumer base, but it is experiencing skill shortages in key industries.

There is immense appetite for Australian quality and consistency in foodstuffs. There is high demand for our expertise and talent in services. There is strong interest in Australian capacity to meet the region's significant infrastructure and energy needs.

Our existing regional and bilateral partnerships are broad and deep. Taken as a whole, ASEAN is one of our top three trading partners, and is a growing investment partner. Five of our top fifteen bilateral trading relationships are with ASEAN countries.

The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) and our bilateral FTAs with Malaysia, Singapore and Thailand deliver our businesses a competitive edge. The Regional Comprehensive Economic Partnership and a future bilateral trade agreement with Indonesia will offer further opportunities for Australian business to link into the wider region.

I highly encourage Australian businesses to invest in understanding ASEAN. Encouraging Australians to develop skills for operating in Asia will ensure we continue to benefit from our proximity to ASEAN's growth. Nimble and outward looking businesses stand to profit most.

The Turnbull Government is doing its part. We are building stronger relations than ever before and have invited the leaders of ASEAN to a Special Summit in March 2018. The ASEAN-Australia Business Summit alongside it will also lay the groundwork for further trade, tourism and investment cooperation.

We are pursuing the most ambitious trade agenda in Australian history and ASEAN is central to this. I am pleased to present this timely publication to assist Australian businesses to capitalise on the opportunities of closer engagement with this dynamic and growing region.

A stylized, handwritten signature in white ink, consisting of a long, sweeping horizontal line followed by a more complex, looped flourish.

The Hon Steven Ciobo MP

# INTRODUCTION

ASEAN is vital to our regional prosperity and security. Since the report ‘Why ASEAN and Why Now’ was published in 2015, ASEAN has become more prosperous and its trade and investment partnership with Australia has strengthened.

ASEAN as a region accounted for 6.8 per cent of world total trade in 2016, and received 5.8 per cent of the world's foreign direct investment inflows.<sup>1</sup> ASEAN is increasingly at the crossroads of world trade, but the real story and attraction lies in its substantial growth prospects. This potential is a result of factors including favourable demographics, rising urbanisation, relatively low national debt levels, abundant natural resources, and proximity to the powerhouse economies of China and India.

The diversity of ASEAN markets, both between and within countries, remains a challenge but also represents an opportunity for Australian business. The ASEAN Community is continuing to develop a harmonised economic market to achieve lasting growth and prosperity across the region.

This report provides a snapshot of the opportunities this dynamic region offers Australian businesses.

**Section one** highlights Why ASEAN Matters to Australia. ASEAN ranks among our largest export markets. Investment and our strong people-to-people links, including through travel and education, are expanding.

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**The ASEAN Community is continuing to develop a harmonised economic market to achieve lasting growth and prosperity across the region**

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**Section two** covers What's Driving Growth and Opportunities for Australian Business. The declaration of the ASEAN Economic Community, and Australia's Free Trade Agreements, have strengthened ASEAN's attractiveness to businesses and investors. Favourable economic conditions, such as a youthful labour force and increasing urbanisation, are actively underwriting this positive future. The ASEAN in 2030 sub-section presents key features that might define the region in the medium term, viewed through a business lens.

**Section three** sets out Opportunities by ASEAN Market. These explore the key trends and commercial opportunities for Australian businesses in each ASEAN market, such as a growing appreciation for our quality food, produce and wine, increasing demand for our services expertise and desire for our investment to meet the region's significant infrastructure and energy needs.

**Section four** looks at How Should Companies Approach Doing Business in ASEAN? including seven practical tips for success and where to obtain advice and assistance.

The experiences of a range of small, medium and large exporters and investors are highlighted in case studies throughout the report which demonstrate Australian successes in ASEAN.

Research suggests that Australia is well behind other economies including the United States, China and Japan in levels of trade and investment with ASEAN.<sup>2</sup> To remain internationally competitive, Australian businesses need to move now to build relationships, establish connections and expand their footprints to optimise their chances of capitalising on ASEAN's future growth.

Now is the time for Australian business to focus on our nearest neighbours, to understand and pursue the once-in-a-generation opportunities that the region offers.



## SECTION 1

# WHY ASEAN MATTERS TO AUSTRALIA

The Association of Southeast Asian Nations (ASEAN) was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. The grouping later expanded to include Brunei Darussalam, Vietnam, Laos, Myanmar and Cambodia.

In November 2015, ASEAN declared itself as the ASEAN Community. This includes the ASEAN Economic Community which provides a framework for simplifying and standardising the trade and business environments among ASEAN Member States.

### ASEAN's economic growth

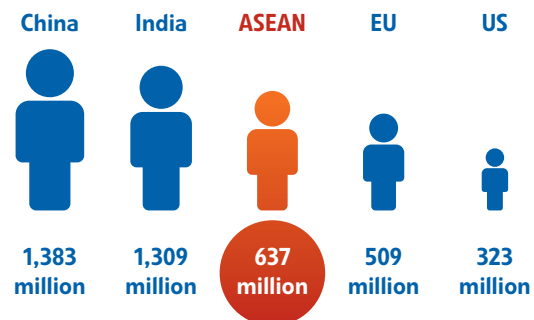
#### ASEAN's economic growth outpaces the rest of the world

ASEAN's combined GDP of US\$2.5 trillion comprises 3.4 per cent of the world's GDP. In 2016, the region's annual average GDP growth was 4.6 per cent, outpacing the global average of 3.2 per cent, and taken as a whole the region is set to become the equivalent of the world's fourth largest economy by 2030. By then, more than half the people who make up the world's middle class will live within a six hour flight from Bangkok, putting the region at the crossroads of world trade.

Figure 1 — Population

### ASEAN POPULATION

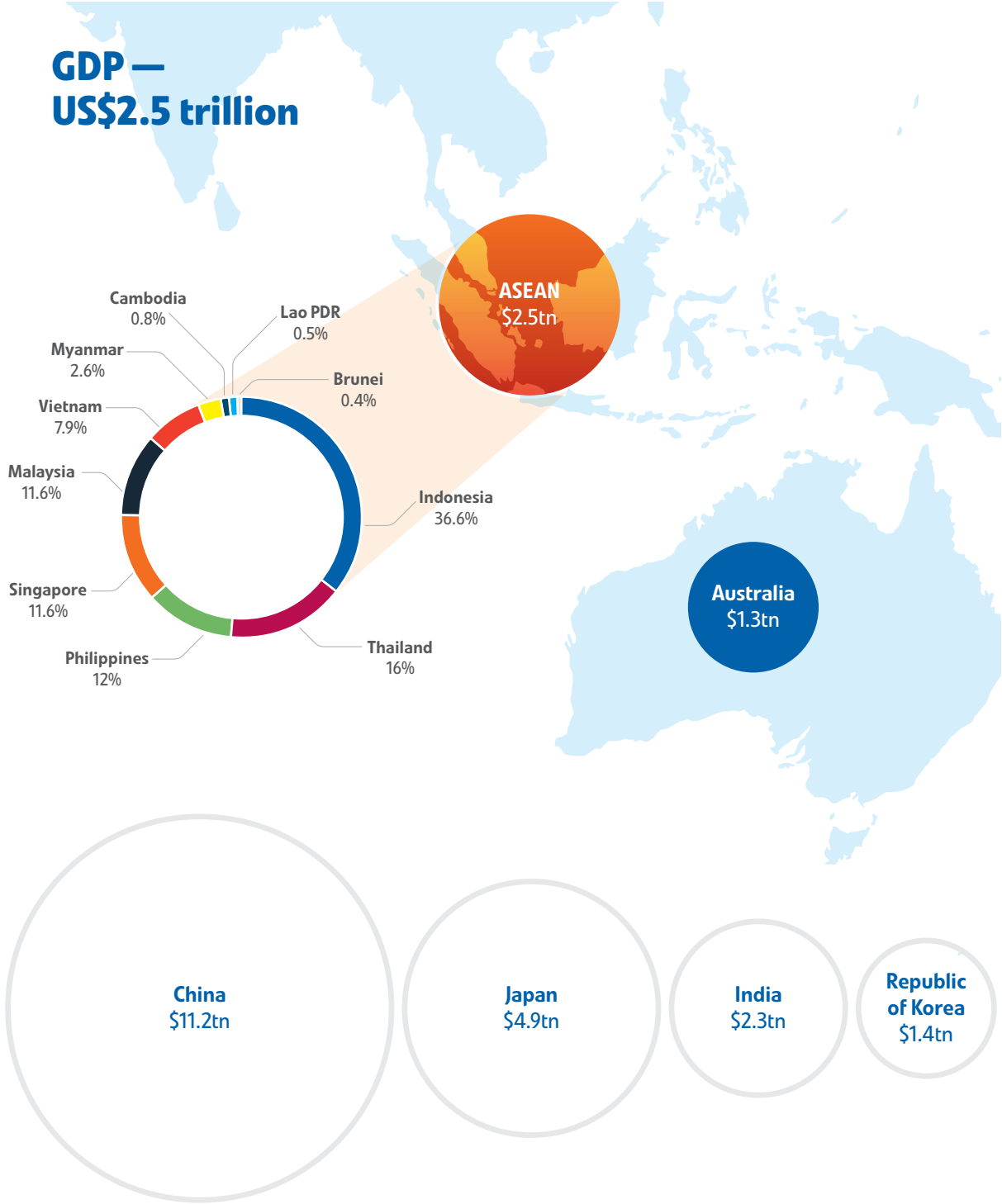
3rd largest in the world in 2016



Source: International Monetary Fund, World Economic Outlook Database, April 2017

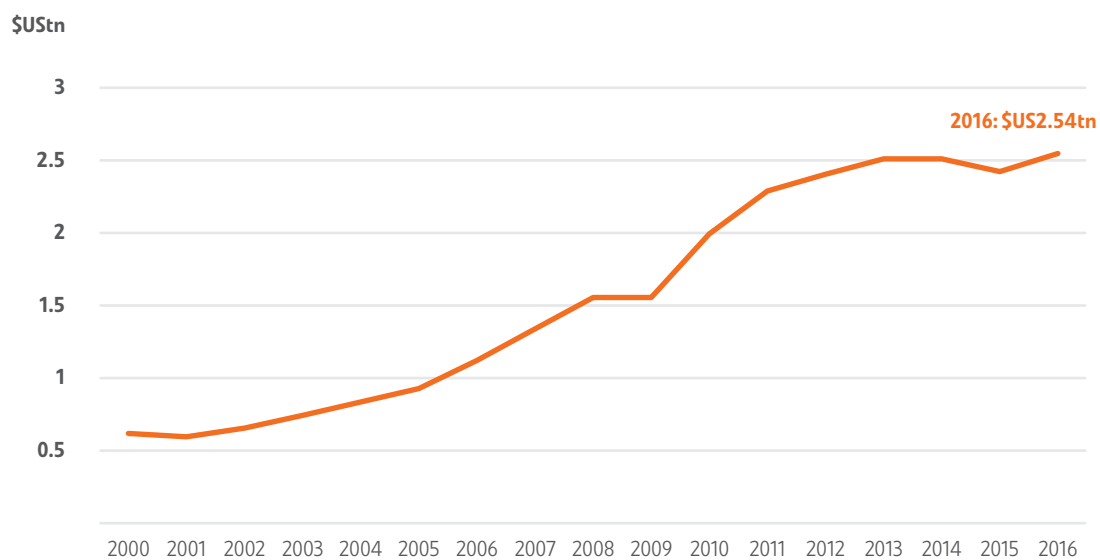
**The region is set to become the equivalent of the world's fourth largest economy by 2030**

Figure 2 — ASEAN’s GDP compared to major economies in the region in 2016



Source: IMF World Economic Outlook database, April 2017

Figure 3 – Growth in ASEAN's nominal GDP, 2000 – 2016



Source: International Monetary Fund, World Economic Outlook Database, April 2017; World Bank data, [data.worldbank.org](http://data.worldbank.org)



## Australia and ASEAN trade and investment relationship

Australia's \$93 billion two-way trade with ASEAN has grown by over \$25 billion in the past decade, and now exceeds our trade with the United States and Japan. ASEAN accounts for 11.5 per cent of Australia's exports and 16.1 per cent of imports. ASEAN was the largest source of goods export revenue for Australia's small-and-medium-sized exporters in 2014–15.\*

Australia's exports to ASEAN reflect the region's diverse needs. Education-related travel is Australia's largest export to ASEAN as a group, with crude petroleum our largest goods export.

\* Small and medium-sized exporters are defined as exporters that earn between \$250,000 and \$50 million in total goods export revenue.

## Australia and ASEAN have a strong trade and investment relationship, and our FTAs give us a competitive edge

In 2016, two-way investment between Australian and ASEAN was \$224.4 billion – greater than the two-way investment between Australia and China.

Australia's regional FTA with ASEAN and New Zealand, AANZFTA, and bilateral FTAs with Malaysia, Singapore and Thailand provide greater certainty for Australian service suppliers and investors, and extensive tariff reductions for goods exporters.



**\$93bn**

in two-way trade (2016) – greater than the US and Japan



**\$224.4bn**

in two-way investment (2016) – greater than China, Germany or New Zealand



**Top three trading partner**

11.5% of overall exports and 16.1% of imports



**\$81.6bn**

in two-way FDI between ASEAN and Australia in 2016



**12,000+**

Australian businesses export to ASEAN



**119,000**

certificates of origin issued for export of goods under AANZFTA (2012–2016)



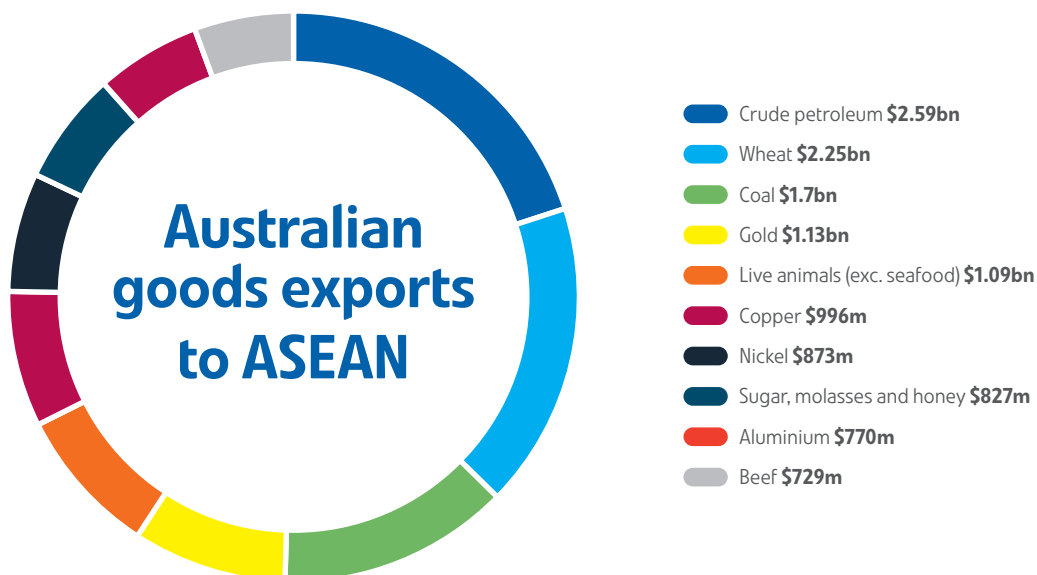
**10th largest**

Australia is ASEAN's 10th largest source of goods imports

**40%**

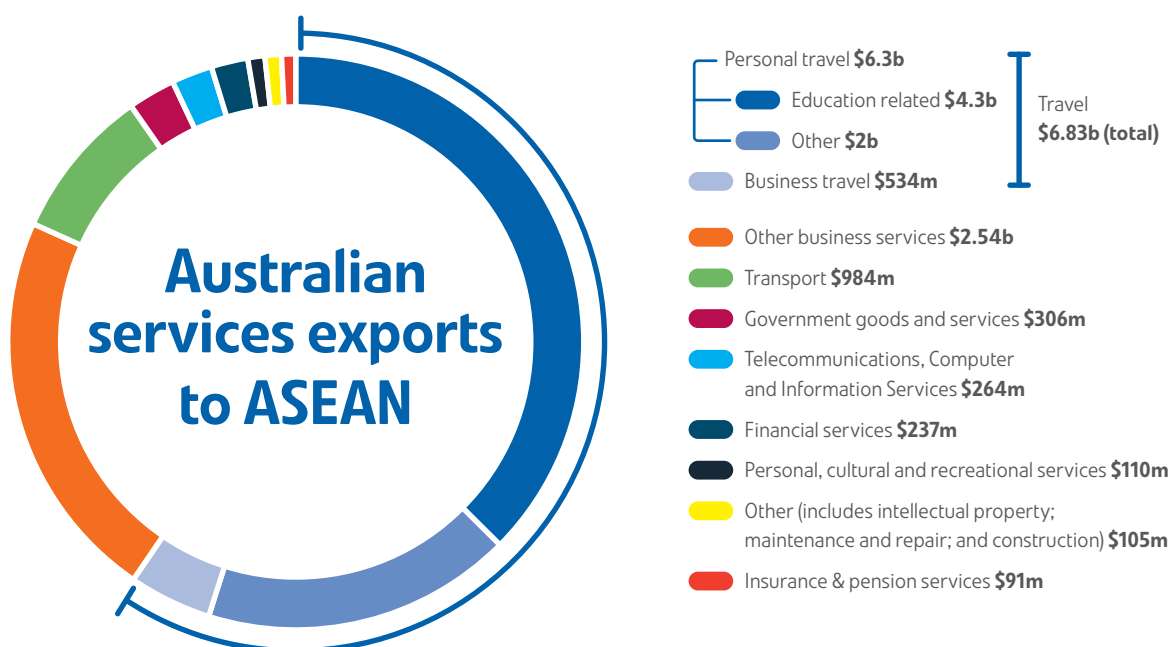
growth in certificates of origin issued in 2016

Figure 4 – Australia's top 10 goods exports to ASEAN, 2016



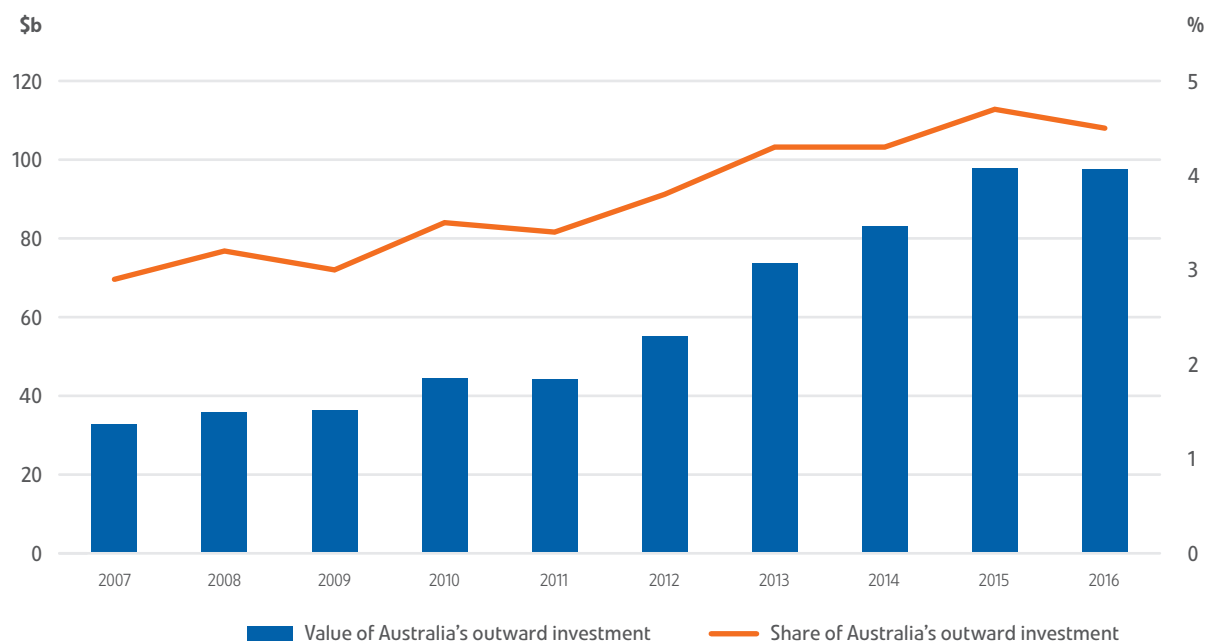
Source: ABS trade data on DFAT STARS database and DFAT estimates

Figure 5 – Australia's services exports to ASEAN, 2016



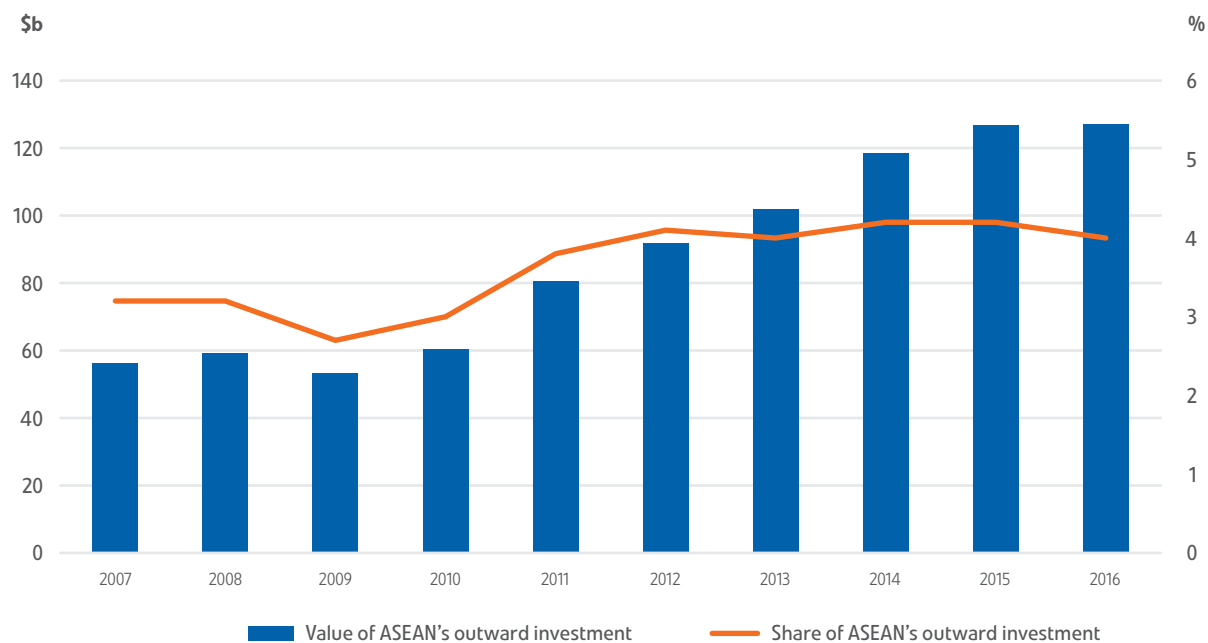
Source: Based on ABS Cat No. 5368.0.55.004 International Trade: Supplementary Information, 2016

Figure 6 – Foreign investment stock in ASEAN from Australia



Source: ABS Cat No. 53520 – International Investment Position, Australia: Supplementary Statistics, 2016

Figure 7 – Foreign investment stock in Australia from ASEAN



Source: ABS Cat No. 53520 – International Investment Position, Australia: Supplementary Statistics, 2016

## ASEAN people-to-people links

ASEAN's proximity to Australia means its countries and peoples are part of the fabric of Australian society. Nearly one million Australians claim Southeast Asian ancestry and are an asset in understanding regional cultural and business norms and forging lasting business relationships.

**Australia is an increasingly popular choice for ASEAN students seeking a world-class education, with close to 100,000 students from ASEAN countries studying in Australia in 2016**

The Australian Government is supporting over 13,500 Australian undergraduates between 2014 and 2018 to do programs in ASEAN countries through the New Colombo Plan. This is forming a new generation of Australians who have business-ready skills, experience and cultural awareness to operate in the region.

Australia is also a highly attractive destination for ASEAN visitors, with 1.3 million people holidaying, doing business, studying or working in Australia in 2016–17.

**This is our region — we're geographically close with strong people-to-people links and long histories of cooperation**



**Almost 100,000**

International students in Australia from an ASEAN country in 2016



**1 million**

Nearly 1 million Australians claim ASEAN ancestry



**Over 15%**

International visitors to Australia from an ASEAN country in 2016

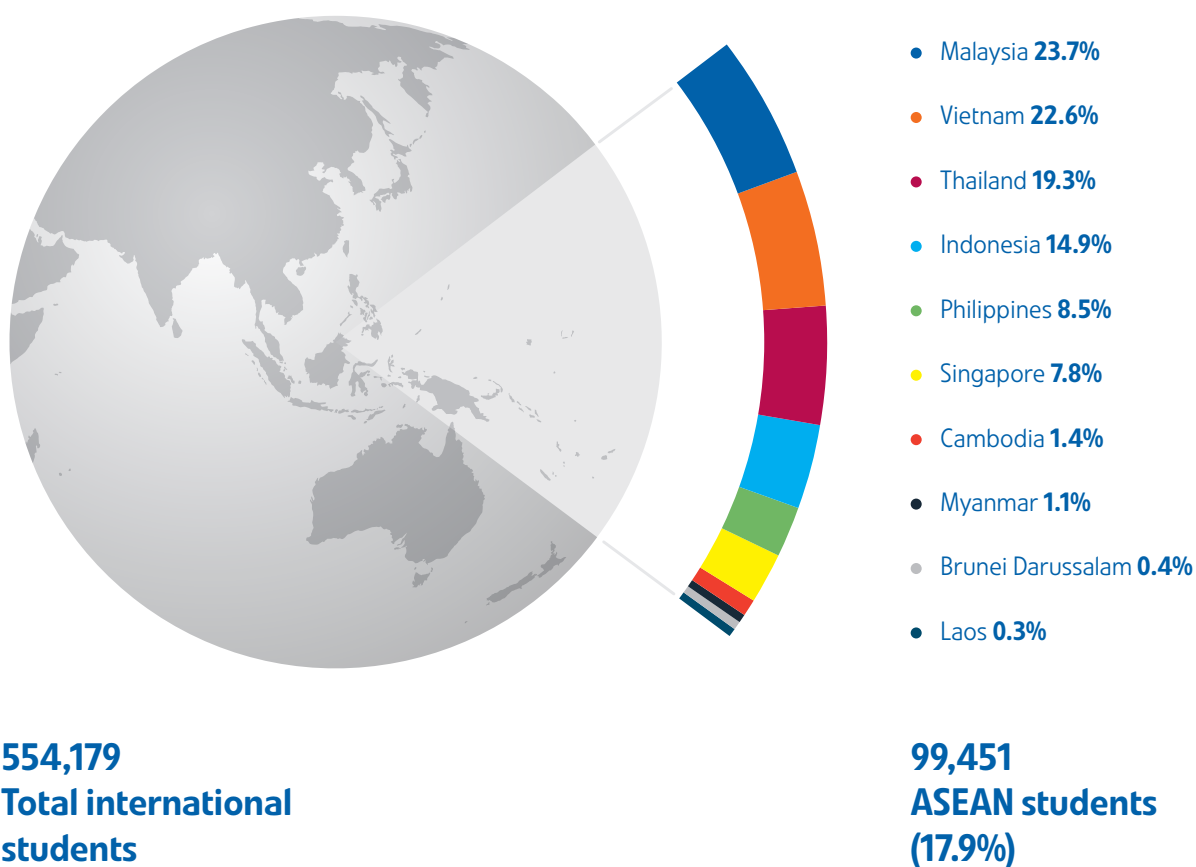


**700,000**

Over 700,000 Australians speak an ASEAN language

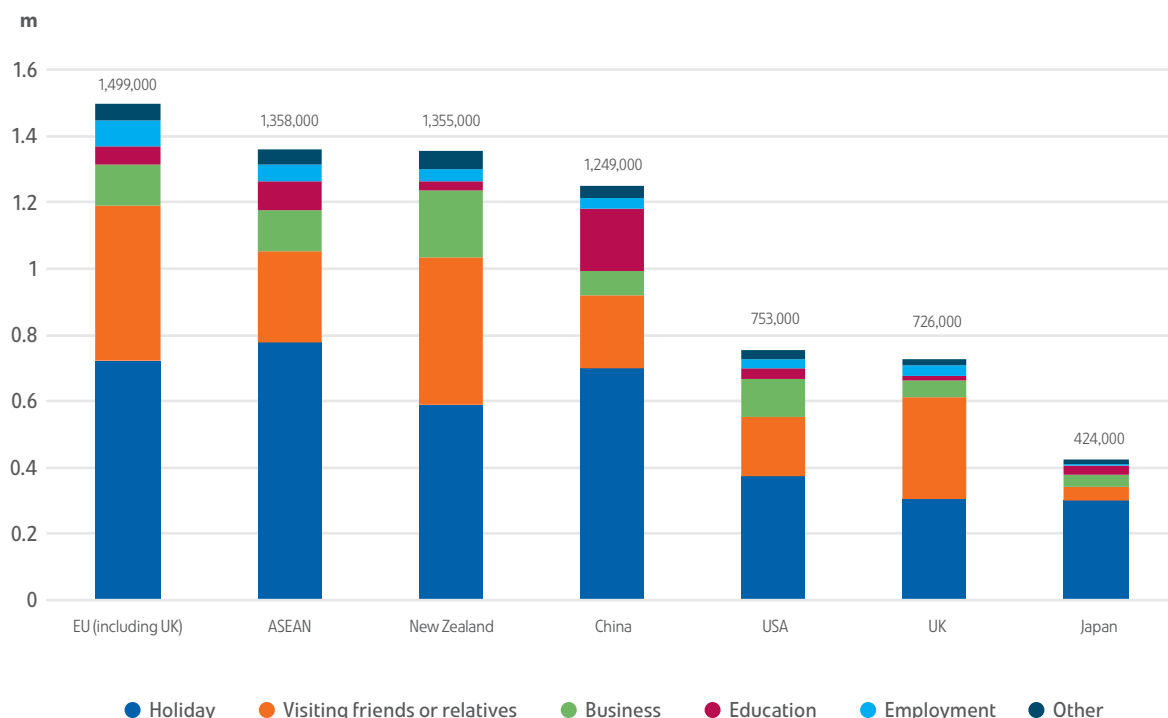
Figure 8 — International student numbers in Australia, 2016 — Member countries' shares of ASEAN total

## Education-related travel is Australia's largest export to ASEAN as a group



Source: Australian Trade and Investment Commission, Student Data 2016

Figure 9 – A leading source of short-term visitors, 2016–17



Source: Data compiled using Tourism Research Australia (TRA) database and the Department of Immigration and Border Protection (DIBP) data on short-term visitor arrivals. Data by country (or ASEAN-10 region). Total number of short-term visitor arrivals, including those aged under 15 years of age based on DIBP data, rounded to nearest 1,000. United Kingdom numbers have been counted as part of the European Union and are also presented separately.

## New Colombo Plan

The New Colombo Plan involves a scholarship program for study of up to one year and internships or mentorships, and a flexible mobility grants program for both short and longer-term study, internships, mentorships, practicums and research.

See: [dfat.gov.au/people-to-people/new-colombo-plan/Pages/new-colombo-plan.aspx](https://dfat.gov.au/people-to-people/new-colombo-plan/Pages/new-colombo-plan.aspx)



**13,603**

New Colombo Plan  
Scholars and Mobility  
Grants Recipients  
studying and  
undertaking internships  
in ASEAN, 2014–2018

\* Mobility student numbers are subject to amendment by Australian universities.

\*\* 2018 scholarship round outcomes will be announced in late November 2017.



## SECTION 2

# WHAT'S DRIVING GROWTH AND OPPORTUNITIES FOR AUSTRALIAN BUSINESS

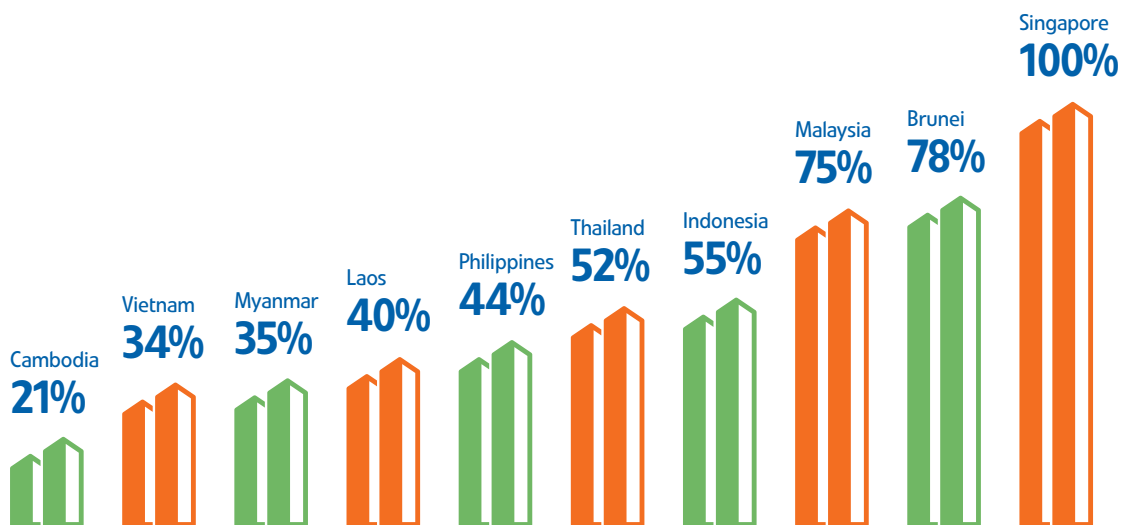
There are many drivers of growth in the region but four factors are transforming ASEAN's business landscape:

- **expanding cities** accelerating economic growth, improving productivity and raising demand;
- **a growing consumer class** with greater purchasing power;
- **innovation and digital disruption** creating the world's fastest-growing online market for goods and services; and
- **deepening integration and stronger connectivity**, including the influence of Australia's FTAs, making it easier to conduct business and supporting stronger regional value chains.

## Expanding cities

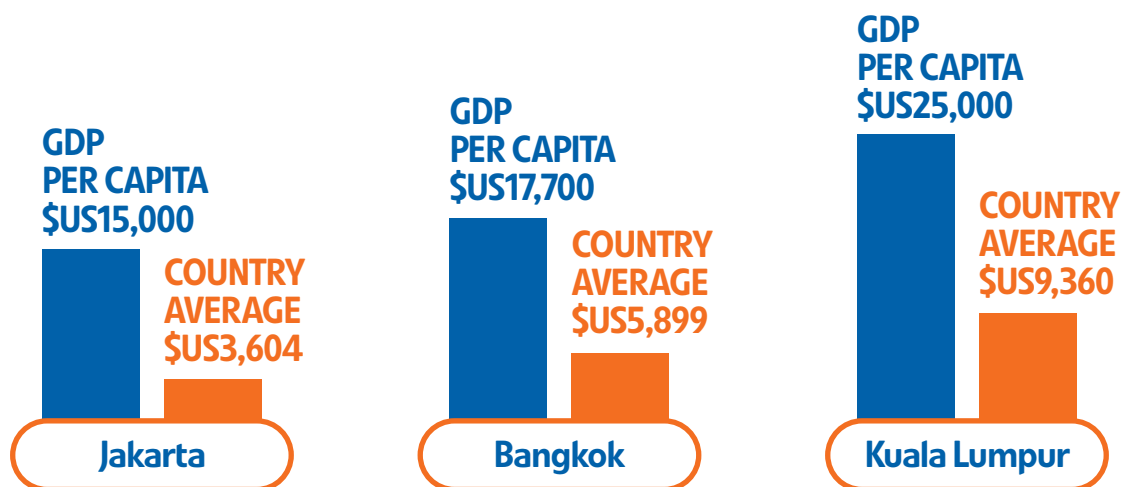
Over one-third of ASEAN's population live in cities, contributing more than two-thirds of the region's GDP. An estimated additional 90 million people will live in cities by 2030, and this could add more than US\$500 billion to ASEAN's GDP.<sup>3</sup>

Figure 10 – Urbanisation rates across ASEAN, 2016



Source: World Bank data, [data.worldbank.org](http://data.worldbank.org)

Figure 11 – Per capita incomes in capital cities and in countries (Indonesia, Thailand and Malaysia), 2016



Source: BNP Paribas, 'ASEAN: City versus Country,' December 2016

Already some of ASEAN's largest cities, Bangkok, Jakarta and Kuala Lumpur rank as high-income status. ASEAN's growing middle-weight regions and second-tier cities, those with populations of between 500,000 and five million people, are drivers of further growth.

There are around 50 ASEAN cities that have more than half a million residents. Special economic and export processing zones and clusters around larger cities also create economies of scale and provide additional benefits for investors.<sup>4</sup>

Figure 12 – ASEAN cities with populations over 500,000 based on UN data, 2017 projections



Source: United Nations World Urbanisation Prospects: The 2014 Revision<sup>5</sup>

UN World Urbanization Prospects data covers the populations of urban agglomerations with 300,000 inhabitants or more in 2014 by country (data range 1950–2030). Some population data includes functional urban areas that are contiguous areas, and are consistently urban in character as indicated by levels of population density, economic functions and facilities. Data may include multiple municipalities.

Future cities in ASEAN will require innovative and specialist services, products and technologies to address urban challenges such as overcrowding and congestion, infrastructure needs and pollution.

ASEAN cities will demand substantial investment across the region in new and retrofitted major transport infrastructure, power and water utilities

and tourism facilities. In addition to private investors and ASEAN countries' own resources, investment is stemming from China's Belt and Road Initiative, Japan's Partnership for Quality Infrastructure, and multilateral development banks such as the Asian Infrastructure Investment Bank, the Asian Development Bank and the World Bank, for market-ready proposals.

### Case study: Vix Technology

## Long-term view vital to Vix Technology's ASEAN success



Patience, performance and partnerships have fuelled Vix Technology's success in ASEAN markets. Over 20 years, the Melbourne-based company has applied these approaches to seize lucrative opportunities in the fast-growing transport ticketing and payment market in the region.

Individually, as a member of consortia and in joint ventures, the company has delivered several prominent projects in ASEAN markets. These include the 'EZLink' integrated smart ticketing system in Singapore and multiple projects in Thailand, including a national smart card clearing house.

In Malaysia, Vix Technology is helping develop a unified payment system for multiple transit operators, which became the cornerstone of the company's sizeable investment in the country. Vix Technology has established its Asian operating headquarters in Kuala Lumpur, seconded international staff into the country and created a local support presence.

In Thailand, Vix Technology has also established a joint venture with a local operator to support and maintain the 'Rabbit Card' electronic payment system and support business development in the region.

Vix Technology has received considerable support from Austrade over the last 10 to 15 years as the company built its presence in ASEAN markets.

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**Australia's reputation for liveability is widely recognised. Australian solutions can, and are, helping to build ASEAN cities of the future**

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Australian firms can also provide building materials and consulting expertise in integrated precinct planning and environmental design, intelligent transport systems, renewable energy and storage solutions. Firms can offer input to efficient public services and civil safety, smart environmental technologies, including for air quality control, and services to protect critical public infrastructure.

#### **Case study: IE Asia Pacific**

### **IE Asia Pacific keeps ASEAN airspace safe and efficient**



A Canberra-based organisation founded in 2009, IE Asia Pacific specialises in providing performance evaluation products and services for radar surveillance systems. Part of a European multinational group, IE Asia Pacific is a steadily growing business which turns over about AUD \$5 million per year.

In ASEAN, IE Asia Pacific has exported to Indonesia, Malaysia and Singapore and is currently seeking to develop business in both Vietnam and Thailand.

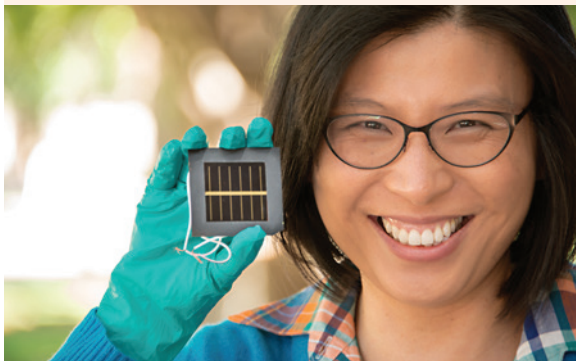
Dominic Nadvillaveetil, Marketing Manager, IE Asia Pacific, points to experience, market knowledge, investments and long-term relationship building as keys to IE Asia Pacific's success in the ASEAN region. 'For example, one of our directors has lived and worked in Malaysia for eight years and knows the market and our customers very well,' Nadvillaveetil says.

'Another key to IE Asia Pacific's success in the ASEAN markets has been their relationship with local representative companies to help with in-country logistics and business development.' He also adds, 'we are therefore constantly on the lookout for reputable, experienced organisations that are prepared to work with us across the region.'

IE Asia Pacific intends to increase its engagement with Austrade and leverage their rich network across the ASEAN region. 'We do intend to capitalise further on the Austrade network to build our business in ASEAN and beyond, particularly in the markets where we don't have any presence,' said Nadvillaveetil.

#### Case study: UNSW Sydney

### Australia's solar scientists make breakthrough in quest for low-cost panels



Solar power is a hot topic in Southeast Asia. ASEAN is pursuing policies to diversify their energy sources and have set an aspirational target to source 23 per cent of their energy from renewables by 2025.

As recognised world-leaders in solar-cell research, Australian scientists have the capacity to power this renewables revolution. Australian scientists have been at the forefront of research into photovoltaic cells for 40 years. In December 2016, the Sydney-based Australian Centre for Advanced Photovoltaics (ACAP) announced a world record for efficiency for a certified solar-cell (larger than 10cm<sup>2</sup>) using a specific type of structured compound, called a perovskite.

According to Dr Anita Ho-Baillie, Senior Research Fellow at the School of Photovoltaic and Renewable Energy Engineering, and Program Manager for the Perovskite Solar Cell Research at ACAP, perovskites are the fastest-advancing solar technology to date.

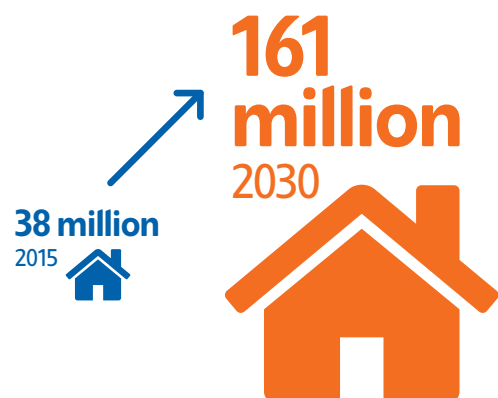
'Perovskites are highly versatile and because they exist in solution, we can paint, spray or print them onto solar cells,' she says.

By making solar cells simpler and cheaper to make, the new perovskite technique could shake up global manufacturing of solar panels.

### Growing consumer class

Mass urbanisation across ASEAN is accompanied by rapid expansion in the middle class. Six ASEAN countries – Cambodia, Indonesia, Laos, Myanmar, the Philippines and Vietnam – are classified by the World Bank as lower middle-income economies, defined as those with a gross national income per capita between US\$1,006 and US\$3,955. This accounts for over 80 per cent of ASEAN's total population of 637 million. As these countries continue to urbanise, the number of middle class households, with an annual income in excess of US\$10,000, is forecast to more than quadruple across the region to 161 million households by 2030.<sup>6</sup>

Figure 13 – Growth of the ASEAN middle class



### Case study: Ego Pharmaceuticals

## Ego Pharmaceuticals turns to direct sales model for ASEAN success



Founded in 1953, Ego Pharmaceuticals develops and manufactures skin and healthcare products in Australia, and markets them worldwide.

In the ASEAN region, the business started exporting into Singapore in the 1960s and Malaysia in the 1970s. Having delivered \$6.7 million in revenue in

2016–17 – up 15 per cent over the previous year – Singapore is Ego Pharmaceuticals' second largest international market. Malaysia grew 18 per cent to \$5 million over the same period to rank as the business's fifth largest market.

Ego Pharmaceuticals' Managing Director, Alan Oppenheim, says the more recent success in those markets is driven in part by moving from a distributor to a direct presence in Singapore 13 years ago, and Malaysia nine years ago.

Other success factors for Ego Pharmaceuticals in Singapore and Malaysia include new product launches; marketing plans that better communicate the value of the business to consumers; forging closer relationships with trade partners such as dermatologists and pharmacists; and ensuring the right mix of products is supplied to each country.

The ASEAN region is also vital to Ego Pharmaceuticals' plans to increase the share of its business coming from export.

The growth of middle class households is driving substantial increases in consumer demand. The economic diversity across the ASEAN region reinforces the importance of looking at specific market opportunities. For instance, while major cities will remain significant drivers of demand, rising consumer power is likely to be most pronounced in satellite and second-tier cities. Research demonstrates that several sub-regions in ASEAN will have greater consumer sales growth than entire countries.<sup>7</sup>

ASEAN 'urbanites' of the future will be younger, with more discretionary spending power and a greater demand for premium products.

Across the region, there's been a significant shift in recent years from buying staple commodities towards higher-value and quality food, dairy and agricultural products. Australian companies can benefit from these shifting consumer patterns by taking advantage of Australia's reputation as a premium food and beverage supplier. Companies looking to enter ASEAN markets should consider presenting a narrative to consumers around Australia's food safety credentials.

**As consumer patterns change, there will be opportunities for Australian exporters in the food and beverage, agriculture and agribusiness, services including telecommunications and healthcare, and education sectors**

#### Case study: 4 Ways Fresh

### The ASEAN region proves fertile territory for Australian agribusiness



In 1986, Duy Ly arrived as a refugee from Vietnam. Over the following 30 years, he built his Adelaide-based, family agribusiness – 4 Ways Fresh – into a major supplier of fresh vegetables to supermarkets.

Today, he is heading back to Asia, turning 4 Ways Fresh into an international business and helping small farmers across the ASEAN region become suppliers to fast-growing, Western-style supermarkets in the region.

Austrade is helping by setting up meetings with logistics companies, lawyers and local government bodies, and providing insights into Vietnam's regulatory system.

Since 2014, Ly's company has invested in greenhouses in Kon Tum Province in Vietnam's Central Highlands and started growing trial crops. Meanwhile, he has begun training his employees in horticulture skills. Ly's Vietnamese-speaking employees are teaching community farmers Australian-style, high-tech farming techniques and food safety. They are also explaining what Western-style supermarkets look for in long-term suppliers.

'Right now, small-scale Australian entrepreneurs have a huge amount to offer in the region, where governments want family businesses to prosper,' says Ly. 'There's a perception that Asia is only for big companies, but there are great opportunities for small players with smart ideas. In many fields, our commercial skills are well respected and in demand. Asia is changing fast; now's the time to go.'

Australian businesses should consider emerging mega-trends in the retail and tourism sectors. Intra-ASEAN tourism is significant, with around 44 per cent of tourist arrivals coming from within the ASEAN region. Intra-ASEAN tourism has been growing at a rapid eight per cent per year since 2011.<sup>8</sup>

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**Cultivating a labour force with the skills and training to meet the demands of the growing consumer class is a priority for ASEAN**

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Student and labour mobility are central to deeper economic integration and developing a skilled workforce. ASEAN countries are strengthening their education and training systems. This includes developing a common framework to help compare qualifications and make it easier for workers to move to jobs that match their skills. Australian education providers and firms with relevant experience are well placed to support this ambition.

### Case study: William Angliss Institute

## Training ASEAN's tourism industry



Founded in 1940 and headquartered in Melbourne, William Angliss Institute provides training services for the tourism, hospitality and food sectors. The institute has a presence in several ASEAN markets.

A commercial arm – Angliss Consulting – provides tourism and hospitality consultancy projects across a range of countries in the ASEAN region. The institute continues to be highly active and has delivered projects for the ASEAN Secretariat on a continuous basis since 2004.

William Angliss Institute is investing heavily in several ASEAN markets. For example, William Angliss Institute Singapore (a wholly owned subsidiary of the William Angliss Institute) has operated as the training partner for the Singapore Grand Prix since 2013.

In Thailand, the institute has delivered training and consulting projects for hotels, tourism operators, catering companies and restaurant groups.

William Angliss Institute has provided a range of industry training projects in Vietnam since 1996, and general cooking, pastry cooking and bakery skills assessments since 2005. In 2015, the institute established a campus partnership in Da Nang with seed-funding assistance from the Australian Government.

In the Philippines, William Angliss Institute has undertaken cooking, bakery and pastry cooking training and skills assessments since 2005. In 2017, the institute reached a heads of agreement with Southville University in Manila, in a campus partnership arrangement, to deliver Australian commercial cooking qualifications.

English is the common language across all countries and English language courses are in high demand. Australia is considered by ASEAN as a world leader in education, qualifications frameworks and qualification recognition. This reputation benefits Australian education and service providers offering in-country solutions that equip students with vocational training and leadership skills.

## Population growth, rising incomes and improved access to healthcare has led to strong demand for health services across ASEAN

There's scope for Australian businesses to offer intelligent health solutions around services, technology, equipment and training.

### Case study: Cochlear

## ASEAN skills support Cochlear's global growth



Established in 1981, Cochlear is a global leader in hearing-implant devices – and over the past 35 years their technologies have transformed the lives of over 450,000 people. The Asia Pacific is a vital region for Cochlear and within that region, Southeast Asia is also a growing support base for the company's global business activities.

In 2012, Cochlear began building an ICT support unit in Malaysia to provide global help-desk support, systems architecture and design, and database support. Then, in early 2016, the company expanded again, centralising global repair and maintenance activities in Kuala Lumpur. Today, a locally recruited team of technicians repairs the sound processor components of Cochlear™ implant systems for customers around the world.

For Cochlear, investment also involves building medical skills. In May 2015, the company opened the Cochlear Training and Experience Centre (CTEC) in Jakarta, Indonesia. 'Our objective is to transfer knowledge, so that local audiologists can work with patients to build a critical learning path,' says Greg Bodkin, Cochlear's Senior Vice President for Manufacturing and Logistics. 'Cochlear is a global company and Southeast Asia is a huge opportunity for us.'

## Innovation and digital transformation

ASEAN governments are investing heavily to capitalise on the benefits of digital transformation. Creating a digitally-enabled region that's secure, sustainable and transformative is the goal of ASEAN's ICT Master Plan 2020.

ASEAN's 2020 Master Plan has five key themes:



An accessible, inclusive and affordable digital economy — Information and Communications Technology (ICT) will be used to support digital inclusion of communities across the region.



Deployment of next-generation ICT as an enabler of growth.



Sustainable development through smart city technologies.



ICT supporting a single regional market to facilitate integration and lower business costs.



Secure digital marketplaces and safe online communities to facilitate and promote regional digital trade.

#### Case study: Ironbark Citrus

### Ironbark Citrus relies on expertise and relationships for ASEAN success



Queensland-based mandarin producer Ironbark Citrus exports mandarins to a range of countries in ASEAN. In 2017, the company exported 1,500 tonnes of mandarins into ASEAN countries. Its major ASEAN markets are Thailand, the Philippines and Indonesia. Smaller ASEAN markets include Malaysia, Singapore, Myanmar and Vietnam.

Chief Executive Officer, Sue Jenkin, says the company from its inception has focused on exporting and becoming expert in the countries and markets it operates within.

‘We work to establish enduring relationships with export customers and visit them regularly,’ says Jenkin. ‘We’re always looking for new markets in ASEAN and while we use Australian-based exporters for the logistics, payments and other services, we insist on visiting our export customers to discuss their experiences.’

Ironbark Citrus operates three farms in Queensland, two of which are in production with the third expected to start production in 2018. It has also established a business in Laos that works with farmers in remote areas to establish a citrus industry in Vilabouly District, Savannakhet Province.

Jenkin sees ASEAN as integral to Ironbark Citrus’ expansion in coming decades. ‘ASEAN provides the core of our customer base,’ she says. ‘The rise of the middle class in a number of ASEAN countries will allow huge growth over the next 10 to 20 years.’

ASEAN citizens have seized the digital opportunity thanks to cheaper and more accessible devices and improved connectivity. The region has demonstrated a ‘leapfrogging’ ability. A number of ASEAN countries have skipped landline telephones, driven by the proliferation of mobile phones. The arrival of international mobile network operators to Myanmar in 2014 helped drive the fastest rollout of mobile phones in history, with approximately 30 million SIM cards in use by mid-2015.

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**By 2020, Indonesia, the Philippines and Vietnam are expected to be among the world’s top 15 smartphone markets<sup>9</sup>**

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## Case study: Telstra

### Joint venture unlocking Indonesia's market potential for Telstra



With more than 30 years' experience in Southeast Asia, Telstra is building a formidable portfolio of acquisitions, joint ventures and accelerators in the region.

Telstra's services to business and government clients in ASEAN range from voice and data to network management, security and unified communications.

Indonesia is a priority market for the Australian telecommunications company. When considering how to access the Indonesian market, Telstra

devised a two-pronged strategy: work with a local partner and focus on enterprise solutions for Indonesian corporate accounts.

In 2014, Telkom Indonesia and Telstra agreed to create the PT Teltranet Aplikasi Solusi (telkomtelstra) joint venture. By early September 2017, telkomtelstra had employed 134 team members – including 15 from Telkom Indonesia and 10 from Telstra and the remainder local hires by the joint venture.

Erik Meijer, telkomtelstra President Director and Telstra Country Managing Director, Indonesia, describes Indonesia's enterprise services market as 'very big and untapped'.

Austrade has provided considerable support to the venture, including introducing telkomtelstra executives to clients and companies who may assist its progress. This has proven particularly useful in winning business from Australian companies operating in Indonesia.

telkomtelstra is also taking a keen interest in discussions between Indonesia and Australia on cyber security cooperation, as well as market opportunities greater coordination between the two countries could present.

Smartphones are becoming more important as a platform to deliver education, government and healthcare services to consumers, including in remote and rural communities. In the banking sector, there's demand for mobile banking and payments, online purchases and other mobile-enabled transactions. In some of ASEAN's developing economies, where most of the population has never had a bank account, people have jumped straight into using mobile money transfers and other modern banking solutions.

### Southeast Asia is currently the world's fourth largest internet market, with 260 million internet users<sup>10</sup>

Google estimates that around 3.8 million new Southeast Asian users come online every month, making it the fastest-growing internet market in the world, and forecasts there will be 480 million internet users by 2020.

E-commerce is another emerging channel for Australian products to capture market share in ASEAN.

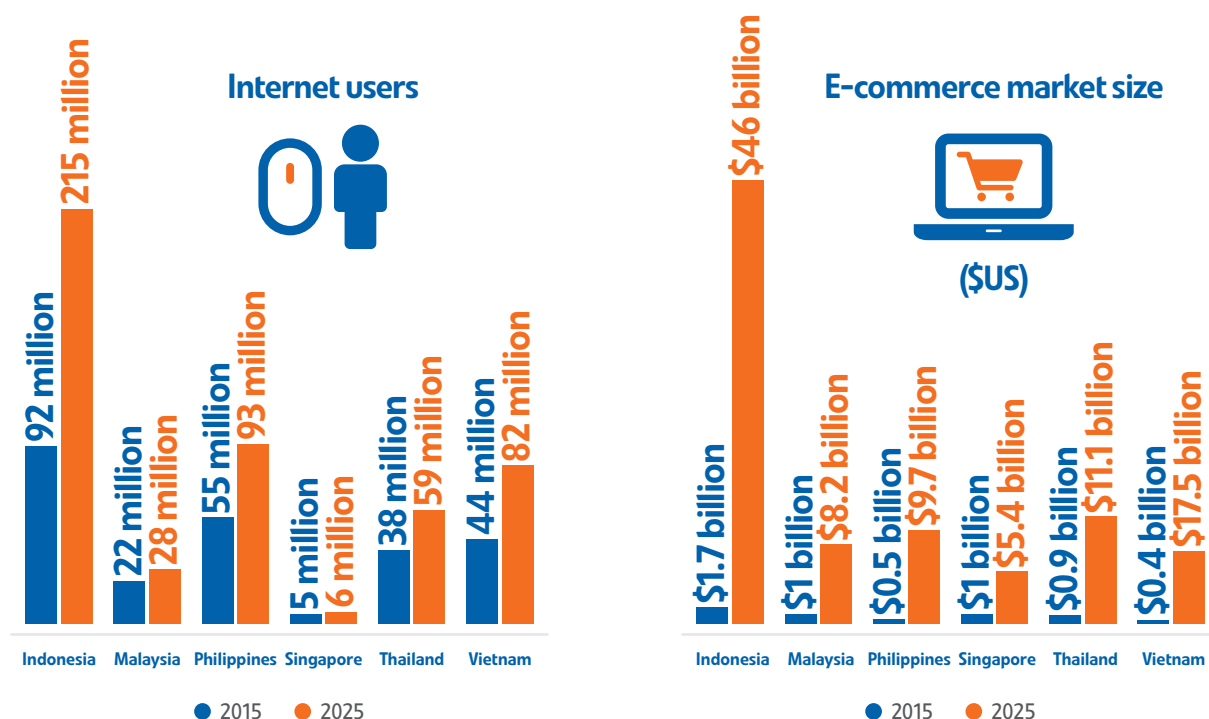
### Although e-commerce use in the region remains relatively low, it presents huge prospects for growth

E-commerce in ASEAN is expected to grow at 14 per cent compound annual growth rate over the next five years, equalled only by India. By contrast China, the world's largest e-commerce market, is predicted to grow at four per cent.

With a young population, and as internet access, payments systems and transport logistics improve, online platforms will facilitate transactions in second and third-tier cities that have limited access to large bricks and mortar stores. Amazon, Lazada and eBay are established e-commerce platforms in ASEAN for servicing middle class consumers. Australia's FTAs with ASEAN countries have dedicated chapters that help to facilitate e-commerce, promote cross-border digital trade and build confidence in the online environment.

Despite this significant digital uptake, ASEAN countries remain at different levels of digital development. Challenges in some areas include scarce internet infrastructure, low penetration rates and slow internet speeds.<sup>11</sup>

Figure 14 – Forecast Internet and e-commerce growth in six ASEAN countries



Source: Google and Temasek, 'e-economy SEA: Unlocking the \$200 billion digital opportunity in Southeast Asia', May 2016<sup>12</sup>

Opportunities for Australian businesses exist in cyber security, fintech, edtech and medtech.

#### **In focus —**

#### **Medtech and digital health**

Demand for healthcare services is expected to surge in ASEAN, due to factors such as population ageing, income growth, growing prevalence of chronic diseases, urbanisation, and government initiatives such as universal healthcare coverage for citizens. Numbers of private hospitals and clinics are projected to grow to meet the rising demand for healthcare services and shrink the gaps in healthcare delivery.

A shortage in skilled workers is proving to be a challenge across the region, with both public and private healthcare providers looking for ways to raise workforce skills and standards. Families are also embracing modern aged care services which offer greater choice and higher standards of care than traditional home-based care. These demographic and cultural changes are driving consumer demand for quality healthcare. Australian companies can partner on new infrastructure projects and provide the supporting services, skills and management needs of a growing health industry.

For further information on Australian capabilities across the digital sector please visit: [austrade.gov.au/International/Buy/australian-industry-capabilities](https://austrade.gov.au/International/Buy/australian-industry-capabilities)

#### **In focus —**

#### **Startups in ASEAN and the Singapore Landing Pad**

Google estimates there are more than 7,000 digital startup companies in Southeast Asia, with 80 per cent located in Indonesia, Singapore and Vietnam.<sup>13</sup>

The ASEAN startup landscape is punctuated by some significant successes, including several 'unicorns' (firms valued at more than US\$1 billion), such as Garena, Go-Jek, GrabTaxi, Lazada, Razer, Traveloka and Tokopedia.

Indonesia is a key emerging startup destination with an increasing number of companies with a value of more than \$100 million, or what the sector calls 'centaurs'.<sup>14</sup> Thailand also has a nascent startup scene in e-commerce and logistics. Malaysia has a successful startup

sector, particularly in startup exits. Vietnam has carved out a niche of small scale startups (under \$10 million) with a focus on e-commerce.

Singapore's startup landscape harnesses a large number of financial institutions, multinational companies, and globally significant research and development institutes. There are opportunities for Australia to access Singapore's growing infrastructure as a platform to develop and commercialise new business ideas, including across the ASEAN region.

The Australian Government established a Landing Pad for Australian startups in Singapore's vibrant startup ecosystem in early 2017. Australian startups are provided with a workspace for up to 90 days, during which they are mentored and benefit from a large network of contacts and tailored business development assistance. More information on the Landing Pad program is available at [australiaunlimited.com/landingpads](https://australiaunlimited.com/landingpads)

#### Case study: CEC Systems

### CEC Systems collaborates on collapsible containers



Australian industrial technology developer CEC Systems designed COLLAPSECON®, the world's first semi-automated collapsible shipping container.

COLLAPSECON enables four empty shipping container units to be collapsed and combined to form a single container to reduce handling, storage and transportation costs.

Following CEC Systems' acceptance into the Australian Government's Singapore Landing Pad, the company announced an exciting new collaboration with the Singapore Institute of Manufacturing Technology (SIMTech), a research institute of the Singapore Government's Agency for Science, Technology and Research.

CEC Systems' collaboration with SIMTech will seek to optimise the COLLAPSECON design and investigate alternative manufacturing processes such as environmentally friendly, cost-effective and lightweight materials.

The collaboration highlights the value of the Landing Pad in creating commercialisation prospects for Australian innovation. Encouraging Australian startups to exchange ideas with high-calibre Singaporean entities is an example of what can be achieved with the help of the Landing Pad.

## Case study: Zed Technologies

### To ASEAN and beyond: medtech scaleup goes global



Zed Technologies was founded in 2012 by Ross Wright and Ronald Li. The medtech scaleup develops software, apps and workflow systems for storing, managing and evaluating patients' medical images, including X-rays, MRIs, ultrasounds and other scans.

When the Melbourne-based scaleup began planning its expansion into Southeast Asia, it looked for a way to enter ASEAN markets.

'That was when Austrade and the Landing Pads program came to our attention,' says Wright.

In early 2017, Zed Technologies arrived in Singapore.

According to Wright, Zed Technologies benefited from expert guidance on growing its customer base, introductions to local contacts and entry into key decision-making networks, not to mention a fully paid office space for 90 days.

'We could ask the Landing Pad Manager anything,' says Wright. 'From questions about accommodation right through to him opening his black book and helping us connect with investors and customers. Obviously a warm introduction is a lot better than a cold one.'

'The Landing Pad provided us with a stepping stone into Southeast Asia and the credibility that comes from working with an Australian Government organisation,' Wright adds. 'If we achieve success, we can certainly say the Landing Pad was part of it.'

Since their time at the Landing Pad, Zed Technologies have also visited Indonesia, Malaysia and Vietnam, helping build a promising pipeline for the future.

## Deepening integration and stronger connectivity

Since ASEAN was formed in 1967, its economic growth, social progress and cultural development have been remarkable. The vision of an ASEAN Economic Community (AEC) set out in 2015 marks a further step forward for the region.

ASEAN's future success will be defined by 'connectivity', the two-way movement of goods, services, finance, people, data and communication. According to the McKinsey Global Institute Connectedness Index, Singapore is the most connected country in the world, while Malaysia, Thailand and Vietnam are among the top 40.<sup>15</sup>

Connectivity is the idea driving ASEAN economic integration. For example, the ASEAN Single Window will expedite cargo clearance and enable electronic exchange of border documents. Indonesia, Malaysia, Singapore, and Thailand are conducting pilot tests using the ASEAN Single Window to exchange electronic certificates of origin. Brunei and Vietnam are expected to join shortly.

Australia is a strong supporter of ASEAN's connectivity. A one-stop shop approach to border, customs and immigration, supported by our aid program, has slashed by 50 per cent passenger and goods crossing times between Vietnam and Laos at the Lao Bao-Dansavanh border. Another will open soon at the Mukdahan-Savanakhet crossing between Thailand and Laos.

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### Greater connectivity will lift ASEAN's reputation as a hot-spot for regional value chains integrated into global supply routes

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Australian firms in mining, advanced manufacturing and transport and financial services, are already taking advantage of ASEAN as an international trading hub.

#### In focus —

#### ASEAN Economic Community (AEC)

The AEC Blueprint 2025 is focused on addressing issues relating to trade facilitation, non-tariff measures, services integration and reform of investment policies. It aims to achieve a highly integrated and cohesive ASEAN economy through the seamless movement of goods, services, investment, capital, and skilled labour. The AEC's vision, if realised, will enhance ASEAN's trade and production networks and set up a more unified market for its firms and consumers. The AEC isn't a customs or currency union and it won't be administered by a supranational bureaucracy. Its aim is to guide Member States through a structural reform process.

## Case study: Linfox

### Logistics and supply-chain specialists span ASEAN



Founded in Australia over 60 years ago, Linfox International Group (Linfox) is the largest privately owned supply chain company operating in the Asia-Pacific region. Starting in Malaysia in 1992, the company expanded across Southeast Asia, supplying logistics expertise to large commercial operations and building fleets of trucks and distribution centres.

James Evans, Linfox's Regional Legal Counsel, believes opportunities for logistics companies are growing.

'Many ASEAN markets are reaching the stage where companies want large-scale, long-term logistics contracts,' he says. 'Vietnam is currently very welcoming towards overseas investors. The Vietnamese Government has set up special economic zones and parks to foster FDI.'

'Linfox operates from one of the seven Vietnam-Singapore industrial parks that have been set up as joint ventures throughout the country.'

Linfox is witnessing increased trade under AANZFTA. The agreement progressively lowered tariffs on foodstuffs, including Australian meat, dairy, fruits and wine.

'Since the FTA was signed we've seen an increase in the amount of foodstuffs coming into Southeast Asia,' says Evans. 'It creates the potential for Australia to be a huge supplier of food to Southeast Asia.'

Increasing interconnectedness within and between companies in different ASEAN markets will drive growth, create stronger markets and greater economic opportunities. However, much work remains to reduce infrastructure bottlenecks and barriers to cross-border trade. While intra-ASEAN trade is rising, it remains relatively low as a percentage of the region's total. Enhanced regional connectivity has the potential to unlock significant growth.

Australian businesses have a range of FTAs they can use to take advantage of ASEAN's connectivity agenda. AANZFTA provides market access commitments to ASEAN countries and sets consistent trade and investment rules across our region. Our bilateral FTAs with Singapore, Malaysia and Thailand add value to the benefits Australian businesses receive under AANZFTA.

Australia continues to engage in an active agenda to open markets and provide greater opportunities for Australian businesses accessing ASEAN countries. These include:

- Regional Comprehensive Economic Partnership (RCEP) negotiations involving ASEAN and ASEAN's FTA partners (China, Japan, India, Republic of Korea, New Zealand and Australia),
- Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) negotiations and
- assessing options to bring the Trans-Pacific Partnership (TPP) into force.

These negotiations aim to simplify and strengthen the regional trade and investment environment, and create further opportunities for Australian business in key regional markets.



### In focus — Central Mekong Connectivity Project

Australia and Vietnam are working together to improve transport infrastructure to reduce poverty and build new economic opportunities for the 18 million people living in the Mekong Delta. Australia's \$160 million aid investment to support the design and construction of a new bridge at Cao Lanh will help link people and markets in the Mekong Delta to the rest of Southeast Asia and beyond.

### Case study: Blackmores

## Longevity and shared values energise Blackmores in ASEAN



Sydney-based natural healthcare business Blackmores has operated in the ASEAN region for more than 40 years. The business started operations in Singapore before entering Malaysia and then Thailand. 'Our second largest market in Asia is Thailand,' says Peter Osborne, Blackmores' Managing Director, Asia. 'Overall in ASEAN, our business is experiencing double-digit growth.'

Blackmores is the number one foreign brand in its category in Malaysia, Singapore and Thailand, and its share of the latter market is more than 40 per cent.

Following extensive research into the Indonesian market, in November 2015 Blackmores established a joint venture – Kalbe Blackmores Nutrition – with Indonesia's largest pharmaceutical group, PT Kalbe Farma. The venture aims to develop a vibrant vitamin and health-supplement products business servicing the country's 260 million-plus population.

Osborne pinpoints three primary factors as driving Blackmores' success in ASEAN. 'We employ very good country managers, typically from a multinational fast-moving consumer goods (FMCG) background, and build very strong local teams because they understand their markets,' he says. 'Furthermore, we're a brand that focuses on quality and we believe you have to educate your consumers and your partners about that.'

Blackmores has also benefited from FTAs between Australia and ASEAN countries.

# AUSTRALIA'S FREE TRADE AGREEMENTS WITH ASEAN AND ITS MEMBERS

Countries	Agreement	In force
<b>The 10 ASEAN countries, Australia and New Zealand</b>	ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)	2010
<b>Malaysia</b>	Malaysia-Australia Free Trade Agreement (MAFTA)	2013
<b>Singapore</b>	Singapore-Australia Free Trade Agreement (SAFTA)	2003
<b>Thailand</b>	Thailand-Australia Free Trade Agreement (TAFTA)	2005

\* Percentage of tariff-free lines

**Tariff elimination\*****Further details**

100% for Australia,  
New Zealand, Singapore

Over 93% for all  
ASEAN countries;  
except: Vietnam (90%);  
Cambodia, Laos and  
Myanmar (85–88%)

AANZFTA's First Protocol addresses implementation issues with certificates of origin and rules of origin, and has entered into force for all parties except Indonesia.

AANZFTA also provides greater certainty for Australian services suppliers and investors.

A review is underway in 2017–18 to ensure the Agreement remains relevant to business and supports greater regional economic integration.

98.8%

MAFTA builds upon AANZFTA to open up new opportunities for Australian businesses. MAFTA provides Australian service providers better access to the Malaysian market and reduces barriers to trade.

100%

SAFTA provides improved market access for Australian exporters of services, particularly education, environmental, telecommunications and professional services. As a result of SAFTA, the bilateral business environment is also more open and predictable across a range of areas including in competition policy, government procurement, IP, e-commerce, customs and business travel.

Amendments from the 2016 review of SAFTA will come into effect when domestic treaty processes are complete.

100%

TAFTA provides greater certainty for Australian investors, including in services, accessing the Thai market and guarantees a range of rights for them. The easing of visa and other requirements for temporary entry of Australian business people fosters business links.

# AUSTRALIA'S FREE TRADE AGREEMENTS UNDER NEGOTIATION OR SIGNED BUT NOT YET IN FORCE WITH ASEAN AND ITS MEMBERS

Countries	Agreement	Status
<b>The 10 ASEAN countries, plus Australia, China, India, Japan, New Zealand, and the Republic of Korea</b>	Regional Comprehensive Economic Partnership (RCEP)	Under negotiation
<b>Indonesia</b>	Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)	Under negotiation
<b>Four ASEAN countries (Brunei, Malaysia, Singapore and Vietnam), plus Australia, Canada, Chile, Japan, Mexico, Peru, New Zealand and the United States</b>	Trans-Pacific Partnership (TPP)	Signed in 2016 but not yet in force

Further information on trade negotiations is available at [dfat.gov.au/trade/agreements/Pages/trade-agreements.aspx](https://dfat.gov.au/trade/agreements/Pages/trade-agreements.aspx)

For advice on whether a bilateral or regional FTA offers best access for trade and investment, consult DFAT's FTA Portal — [ftaportal.dfat.gov.au](https://ftaportal.dfat.gov.au)

### Further details

The 16 RCEP participating countries cover half the world's population, 30 per cent of global GDP and over a quarter of world exports. They also account for almost 60 per cent of Australia's total two-way trade and over 65 per cent of our exports. RCEP will also include 10 out of Australia's top 15 trading partners. RCEP has the potential to further integrate Australia into the world's fastest-growing region, including by facilitating regional supply chains and providing greater certainty for Australian exporters and investors seeking to access RCEP markets.

IA-CEPA will create the framework for a new era of closer economic engagement between Australia and Indonesia. A comprehensive IA-CEPA will facilitate greater trade in goods and services and encourage two-way investment. It will also facilitate commercial partnerships between Australia and Indonesia and into third-country markets.

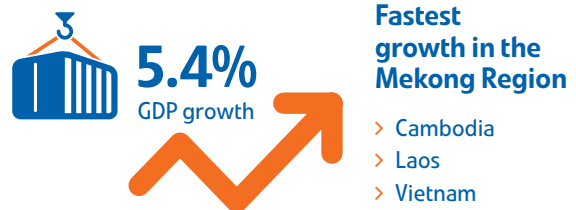
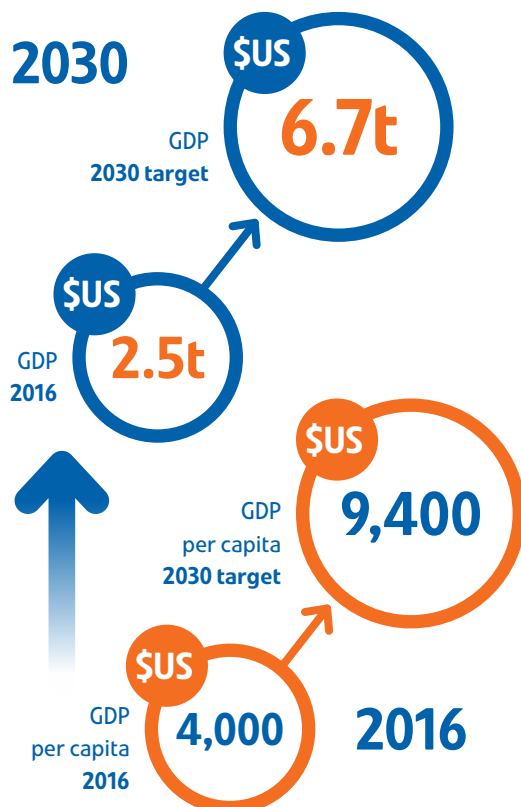
The TPP is a regional FTA of unprecedented scope and ambition with great potential to drive job-creating growth across the Australian economy. Following the withdrawal of the United States, TPP Ministers of the remaining signatories launched a process to assess options to bring the agreement into force expeditiously. These efforts would contribute to maintaining open markets, strengthen the rules-based international trading system, increase world trade, and raise living standards.

# ASEAN IN 2030

This section provides a snapshot of what ASEAN might look like in 2030.<sup>16</sup> It is meant to help Australian businesses think about the region's commercial and economic prospects. By 2030:

ASEAN's openness to trade, sound institutions and relatively low inequality has helped maintain its impressive growth record.

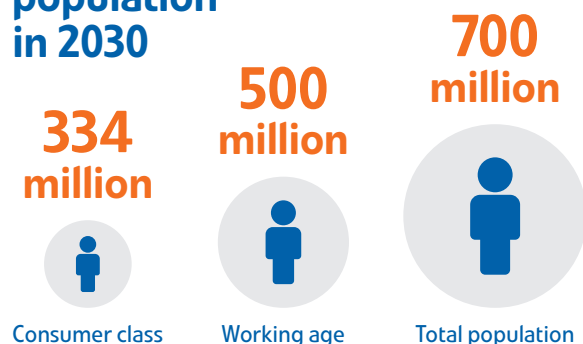
ASEAN's integrated Economic Community has realised its potential and made it faster, easier and cheaper to do business and deliver products and services to its 334 million-strong consumer class and the world.



ASEAN's population is young and digitally connected. They live longer and they're happy to spend on travel, quality produce and healthcare.

Many are educated abroad but there are still gaps in skills across the region. Workforce training is in demand and governments and people are willing to pay for it.

## ASEAN population in 2030



Half of ASEAN's 700 million people live in cities.  
Forty cities contain populations of 1 million or more.  
Meanwhile regional cities have boomed thanks to intersecting travel, trade and digital connections.

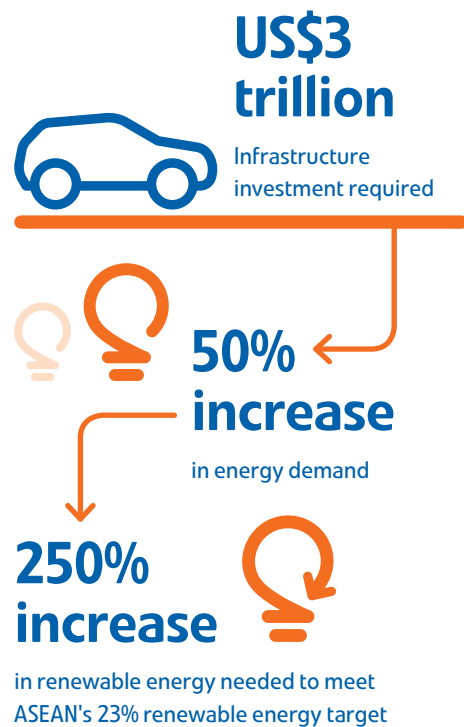
Massive infrastructure spending has sustained growth.  
The skills to help manage the transport, energy and logistical pressures of these expanding cities are prized.

## 40 cities of over 1 million people

80 medium-sized cities driving 40% of regional GDP growth



Over 50% population growth forecast for mid-level cities including Batam and Denpasar in Indonesia and Vientiane in Laos



## THE ASEAN CONSUMER IN 2030



### Disposable income

Demand for luxury brands, modern retail and leisure activities



### Longer life expectancy

Creating greater demand for health services



### 1 in 2 living in cities

Around 50% of ASEAN consumers live in cities



### Digitally connected

More mobile, better connected, more active online



### World's fastest growing eCommerce market

### Demographic dividend peaking in 2030

### Double digit

labour force growth in Indonesia, Malaysia, the Philippines and Vietnam



**16%**

will have tertiary degrees

**43%**

will have completed secondary school



## SECTION 3

# OPPORTUNITIES BY ASEAN MARKET

Australian businesses should be aware of the diverse stages of development across the ASEAN markets. While Singapore ranks as second in the global ease of doing business rankings, other economies are at different stages of opening up.

Economically, Indonesia represents almost 40 per cent of the region's output, while Myanmar is still an emerging market.

In Singapore, GDP per capita is more than 30 times higher than in Laos and more than 50 times higher than in Cambodia and Myanmar.<sup>17</sup>

It helps to understand the different political systems, regulations, cultural sensitivities and ways of doing business in each country. This section outlines each market's key trends and business opportunities for Australian companies.

### Free Trade Agreements Key



in force



under negotiation



signed but not yet in force

## Brunei Darussalam



### Trade and investment relationship with Australia

- Total two-way trade: \$474 million (2016)
- Trade in goods: \$358 million
- Trade in services: \$116 million
- Total two-way investment stock: \$143 million (2016)
- Australian investment in Brunei: \$50 million (2016)
- Brunei investment in Australia: \$93 million (2016)

### Key features of the market

- Population: 400,000
- GDP growth: -3.2% (2016)
- GDP: US\$11.2 billion (2016)
- GDP per capita: US\$26,424.40 (2016)
- Ease of doing business: 72 of 190 (2017)

**Free Trade Agreements** AANZFTA  RCEP  TPP 



### Key trends

Brunei's small, high-income, open economy is underpinned by revenue from the oil and gas sector which accounts for over 50 per cent of Brunei's GDP. Small-scale manufacturers and primary production, including agriculture, fisheries and forestry, make up the remainder of the economy. Brunei imports nearly all of its major manufactured products and about 80 per cent of its food requirements. Brunei has one of the highest per capita GDPs in Asia and a low-tariff regime.

The Brunei Government is working towards diversifying the economy by promoting private non-energy sector development and attracting more non-oil and gas related investment.

Vision 2035 (Wawasan 2035) is the Government's long-term policy that seeks to develop a well-educated and skilled nation, high quality-of-life and a dynamic and sustainable economy.



### Opportunities for Australian companies

Malaysian firms dominate the country's foreign investment profile. But there are strong opportunities for Australia in oil and gas maintenance and services, premium food and agribusiness, and international education.



### For further information on Brunei visit:

[dfat.gov.au/geo/brunei-darussalam/Pages/brunei-darussalam.aspx](http://dfat.gov.au/geo/brunei-darussalam/Pages/brunei-darussalam.aspx)

[austrade.gov.au/Australian/Export/Export-markets/Countries/Brunei/Market-profile](http://austrade.gov.au/Australian/Export/Export-markets/Countries/Brunei/Market-profile)

## Cambodia



### Trade and investment relationship with Australia

- Total two-way trade: \$535 million (2016)
- Two-way trade in goods: \$258 million
- Two-way trade in services: \$277 million
- Total two-way investment stock: np<sup>18</sup>
- Australian investment in Cambodia: np
- Cambodian investment in Australia: \$886 million (2016)

### Key features of the market

- Population: 15.8 million
- GDP growth: 7% (2016)
- GDP: US\$19.4 billion (2016)
- GDP per capita: US\$1,229.60 (2016)
- Ease of doing business: 131 of 190 (2017)

**Free Trade Agreements** AANZFTA  RCEP 



### Key trends

The Cambodian economy is growing rapidly, driven by garment manufacturing, tourism, and construction. Natural resource sectors such as mining and hydropower have bolstered economic growth over the last decade, but current government policies are focused on diversification, including tourism and other service sectors. Tourism to Cambodia has more than doubled since 2007, topping five million visitors in 2016.<sup>19</sup> Investment laws and regulations, revised in 2016, allow foreigners to invest freely in many areas.

Cambodia is a member of the World Trade Organization and has a relatively open trading system. While non-agriculture sectors are creating more new jobs and boosting incomes, most Cambodians still rely on farming to varying degrees. However, agriculture only provides 27 per cent of the nation's GDP due to a large reliance on subsistence farming, particularly in the rice sector.

Cambodia's location at the heart of the Mekong creates opportunities as a niche investment location linking into Vietnam or Thai-based supply chains.



### Opportunities for Australian companies

Cambodia's relatively stable, high-growth path is supported by encouraging demographic trends, improving education levels, and a growing middle class. Australia is well placed to meet demand for quality education services, financial and professional services, and agricultural produce.



### For further information on Cambodia visit:

[dfat.gov.au/geo/cambodia/Pages/cambodia.aspx](http://dfat.gov.au/geo/cambodia/Pages/cambodia.aspx)

[austrade.gov.au/Australian/Export/Export-markets/Countries/Cambodia/Market-profile](http://austrade.gov.au/Australian/Export/Export-markets/Countries/Cambodia/Market-profile)

## Indonesia



### Trade and investment relationship with Australia

- Total two-way trade: \$15.4 billion (2016)
- Trade in goods: \$10.9 billion
- Trade in services: \$4.5 billion
- Total two-way investment stock: \$10.4 billion (2016)
- Australian investment in Indonesia: \$9.2 billion (2016)
- Indonesian investment in Australia: \$1.2 billion (2016)

### Key features of the market

- Population: 258.7 million
- GDP growth: 5% (2016)
- GDP: US\$932.4 billion (2016)
- GDP per capita: US\$3,604.30 (2016)
- Ease of doing business: 91 of 190 (2017)

**Free Trade Agreements** AANZFTA  IA-CEPA  RCEP 



### Key trends

Indonesia is Australia's 13th largest trading partner. Indonesia's significant potential for growth is headlined by the size of its economy, currently the world's 16th largest and predicted to continue growing strongly to 2050. By that time, it's forecast to be the world's fourth largest individual economy.<sup>20</sup>

Indonesia is urbanising rapidly – over 30 million people live in the greater Jakarta metropolitan area. Tens of millions of Indonesians are likely to join the middle class in the next five years, driving growth across Indonesia's 17,000 islands.

Indonesia's significant growth in internet access together with the uptake in smartphone ownership is enabling government, business and consumers to take advantage of new digital technologies and opportunities.

The regulatory environment for imports, especially finished goods, can be complex and changeable. Several sectors remain fully or partially closed to foreign investment. In addition, rules can constrain the ability of foreign professionals from working in Indonesia.

Despite some challenges, Australian exports to Indonesia continue to grow. An increasing number of Australian businesses are looking for opportunities in what's likely to become one of the largest markets globally. Given the complementarity of our economies and our proximity, Australian business is well placed to assist Indonesia to achieve its growth goals.



### Opportunities for Australian companies

**Urbanisation:** Indonesia is urbanising at one of the fastest rates globally. By 2025, 68 per cent of all Indonesians (194 million people) are predicted to be living in cities,<sup>21</sup> putting pressure on urban liveability. This will create opportunities as Indonesian citizens aspire to better quality of life and urban amenity.

Indonesia's significant growth in internet access together with the uptake in smartphone ownership is enabling government, business and consumers to take advantage of new digital technologies and opportunities.

**Infrastructure:** The Indonesian Government is committed to expanding economic activity and reducing income inequality across the archipelago. President Widodo's connectivity agenda prioritises spending on maritime, aviation and transport

infrastructure to connect islands and rural regions to major cities. Eastern Indonesia is a focus of the Government's economic policies.

The Government also plans to develop '10 new Balis' across rural and regional areas to provide employment and economic growth, and is actively courting foreign tourism investors, developers and service providers.

**Food and beverages:** Exports of agricultural products, including live cattle, frozen beef, sugar and wheat, continue to represent a large part of Australia's exports to Indonesia. There's demand for food ingredients and innovative technologies for Indonesia's substantial local food processing sector.

**Education and vocational training:** The Indonesian Government has made upskilling its workforce a top priority for the next five years to boost productivity. Currently, only around 50 percent of Indonesian adults have completed primary education and just 15 per cent have a tertiary qualification. 45 per cent of Indonesians currently employed are underqualified for their job.<sup>22</sup> Australian education and training providers are well placed to help address Indonesia's skills development.

**Digital transformation:** There are more active SIM cards than people in Indonesia, a testament to the country's rapid digital transformation. The Indonesian fintech sector has expanded rapidly, from a handful of companies two years ago to over 140 today. Go-Jek, one of the country's home-grown 'unicorns,' has evolved from a motorcycle taxi booking app to a platform offering cashless payment and a wide range of other e-services. The relatively open regulatory framework governing fintech (compared with the heavily regulated banking sector) may offer opportunities for Australian firms. There may also be opportunities for Australian online health and education services as smartphone penetration continues to grow alongside the Indonesian middle class and as worker upskilling programs are rolled out.

**Resources and energy:** Indonesia continues to be an important player in the global mining scene with significant levels of coal, copper, gold, tin and nickel. Mining, oil and gas combined contribute around 10 per cent of Indonesia's GDP. There are significant coal and mineral mining prospects in Indonesia, although significant regulatory and taxation challenges remain. Indonesia is a main export destination for the Australian mining equipment, technology and services sector.



**For further information on Indonesia visit:**

[dfat.gov.au/geo/indonesia/Pages/indonesia.aspx](https://dfat.gov.au/geo/indonesia/Pages/indonesia.aspx)

[austrade.gov.au/Australian/Export/Export-markets/Countries/Indonesia/Market-profile](https://austrade.gov.au/Australian/Export/Export-markets/Countries/Indonesia/Market-profile)

## Lao PDR



### Trade and investment relationship with Australia

- Total two-way trade: \$93 million (2016)
- Trade in goods: \$34 million
- Trade in services: \$59 million
- Total two-way investment stock: np
- Australian investment in Laos: np
- Lao investment in Australia: np

### Key features of the market

- Population: 6.6 million
- GDP growth: 6.9% (2016)
- GDP: US\$15.5 billion (2016)
- GDP per capita: US\$2,394 (2016)
- Ease of doing business: 139 of 190 (2017)

**Free Trade Agreements** AANZFTA  RCEP 



### Key trends

Laos has recently emerged as one of the world's fastest growing economies, with GDP growth averaging seven to eight per cent over the past decade. The Lao Government has an ambitious agenda for the country to graduate from the list of Least Developed Countries by 2020.

Laos remains challenging for Australian businesses due to a less conducive regulatory environment. Australia has a modest trade and investment relationship with Laos, although Australian businesses operate in mining, plantation forestry, banking, tourism, and legal services. The Lao Government is committed to improving the business environment and elevating its trade relationship with Australia.



### Opportunities for Australian companies

**Resources and mining:** There are opportunities to provide high quality consulting services on social and environmental impact, supply mining equipment and technology, engineering services and training services. A quality new mining law (currently under revision) would pave the way for the Lao Government to lift its moratorium on new exploration licences, and open up investment opportunities.

**Agribusiness:** Australia and Laos have collaborated on technical and agribusiness research to improve food security and farming systems, and develop domestic and export market opportunities for rice, cattle and other agricultural products. Opportunities exist to invest in the agriculture and plantation forestry sectors, particularly agricultural services.

**Education:** The private education market in Laos is small but growing. Australia is a favoured destination for Lao students studying abroad.



### For further information on Laos visit:

[dfat.gov.au/geo/laos/Pages/laos.aspx](https://dfat.gov.au/geo/laos/Pages/laos.aspx)

[austrade.gov.au/Australian/Export/Export-markets/Countries/Laos/Market-profile](https://austrade.gov.au/Australian/Export/Export-markets/Countries/Laos/Market-profile)

# Malaysia



## Trade and investment relationship with Australia

- Total two-way trade: \$17.6 billion (2016)
- Trade in goods: \$14.8 billion
- Trade in services: \$2.8 billion
- Total two-way investment stock: \$29.2 billion (2016)
- Australian investment in Malaysia: \$8.7 billion (2016)
- Malaysian investment in Australia: \$20.5 billion (2016)

## Key features of the market

- Population: 31.6 million
- GDP growth: 4.2% (2016)
- GDP: US\$296.4 billion (2016)
- GDP per capita: US\$9,360.50 (2016)
- Ease of doing business: 23 of 190 (2017)

**Free Trade Agreements** MAFTA ✓ AANZFTA ✓ RCEP  TPP 



## Key trends

Malaysia is an advanced middle-income nation with aspirations to be a high-income nation. Malaysia is in the 'demographic sweet spot': a young, growing population demanding greater product choice, better quality and higher standards of service.

Malaysia is an ideal test market for Australian companies entering ASEAN. It has a skilled multilingual workforce, advanced infrastructure and logistics networks, similar regulatory and administrative standards to Australia, and a central location within Southeast Asia's high-growth markets. Approximately 300 Australian SMEs are present on the ground in Malaysia, while 3,800 are doing business with the market.

International expertise is highly sought after in Malaysia to drive greater industry output, productivity and private sector involvement. Australian companies are well positioned to assist Malaysia to achieve its industrial and urban development ambitions.



## Opportunities for Australian companies

**Infrastructure and smart cities:** Over 80 per cent of Malaysia's population is expected to live in cities by 2020, one of the highest urbanisation rates in ASEAN. Such growth pressures will require the full suite of infrastructure development equipment and services. For example, public transport systems, design and engineering expertise, systems integration and green technology. Australian companies have a track record in smart and green technologies to develop globally competitive infrastructure and deliver transport technology solutions to facilitate mobility.

**Healthcare and wellness:** Private investment and spending in the healthcare sector is expected to reach US\$20 billion by 2020.<sup>23</sup> After Singapore, Malaysia spends more on healthcare than any other ASEAN country. An increasingly affluent and ageing population has shifted towards health awareness, wellbeing and preventive care. This will create opportunities for Australian medical, health and complementary products, services and expertise.

**Food and agribusiness:** Consumption has shifted significantly in recent years from staple commodities towards higher-value imported items. Malaysia's multiethnic population drives demand for a variety of fresh and processed foods, ingredients, beverages and Halal-friendly products.

**Digital economy:** Online retail sales are expected to grow seven-fold to US\$6 billion by 2020, driven by sustained income growth. Malaysia's growing connectivity is reflected in mobile penetration rates greater than 144 per cent. There's high demand for technologies that can bring Malaysia's 1.1 million registered businesses into the digital economy.

**Financial services:** As the banking sector consolidates, opportunities are emerging in banking technology, platforms and mobile applications. Financial and insurance products is another promising area. Malaysia is a world leader in Islamic finance, creating opportunities for Australian firms to expand customer bases and tap into Sharia-compliant financial services, products and expertise that open doors to a US\$2 trillion financial market.

**Transnational education:** Australia is a leading overseas study destination for Malaysians, and education is a pillar of the bilateral relationship. Aspirational parents continue to seek better education opportunities for their children, including through international study or pursuing Australian qualifications in Malaysia.

**Resources and energy:** The energy sector will continue to be an important contributor to Malaysia's economy, despite a reduced focus on field exploration. Cost efficient Australian firms can share their expertise of working in challenging environments, including marginal and deep-sea fields, as well remote area maintenance and operations. Innovative technology and cost-saving services will be increasingly attractive to the oil and gas industry in Malaysia, and value chains operating within ASEAN. Australian mining equipment, technology and services (METS) companies are well established in Malaysia. An expected focus on environmental issues may lead to opportunities for Australian METS expertise in that field.



**For further information on Malaysia visit:**

[dfat.gov.au/geo/malaysia/Pages/malaysia.aspx](https://dfat.gov.au/geo/malaysia/Pages/malaysia.aspx)

[austrade.gov.au/Australian/Export/Export-markets/Countries/Malaysia/Market-profile](https://austrade.gov.au/Australian/Export/Export-markets/Countries/Malaysia/Market-profile)

# Myanmar



## Trade and investment relationship with Australia

- Total two-way trade: \$318 million (2016)
- Trade in goods: \$192 million
- Trade in services: \$126 million
- Total two-way investment stock: np
- Australian investment in Myanmar: US\$145.8 million<sup>24</sup> (FDI end July 2017)
- Myanmar investment in Australia: Data not available

## Key features of the market

- Population: 52.3 million
- GDP growth: 6.3% (2016)
- GDP: US\$66.3 billion (2016)
- GDP per capita: US\$1,269.30 (2016)
- Ease of doing business: 170 of 190 (2017)

**Free Trade Agreements** AANZFTA  RCEP 



## Key trends

Myanmar has seen strong economic growth since embarking on political and economic reforms in 2011. Although it remains one of the poorest and least developed countries in the region, Myanmar offers significant long-term potential through its proximity to developing markets, high GDP growth levels, youthful population eager to study, and extensive resource base.

Myanmar's business landscape is changing. Construction cranes vie with the tall spires of Buddhist temples across the commercial capital of Yangon as new hotels, offices and shopping centre developments get underway. More and more foreign investors are making the most of Myanmar's competitive advantages through export-orientated factories in special economic zones and ventures to deliver increasingly sophisticated goods and services to its population. Domestic companies are also diversifying their business activities, venturing into a wide range of activities across property, manufacturing, tourism, finance and energy.



## Opportunities for Australian companies

Australian trade with Myanmar has grown steadily over the past five years, with wheat exports and education services leading the way. Australian investment is concentrated in energy, financial services, construction, and consultancy services. Approximately 30 to 40 Australian businesses operate in Myanmar.

Australian companies need to be aware of a number of risks as the country transitions, particularly: outdated investment regulations; underdeveloped transport, water and electricity infrastructure; and an underdeveloped financial sector with difficulties accessing finance. Meanwhile, levels of transparency and accountability, while improving, are still perceived as among the lowest in the world.

Mindful of these risks, Australian firms with a long-term view are set to benefit in sectors that complement Australian capabilities.

**Education:** Myanmar is improving education outcomes, particularly technical and vocational training, where significant skills gaps exist in many industries. Few Myanmar students study outside the country compared to other Asian countries. The potential to increase the number of long-term students in Australia or studying an Australian qualification in the region is very high.

**Resources and energy:** Myanmar's extensive natural resource base (oil and gas, minerals, forests and marine), and recent mining legislation reforms have led to growing international investment.

**Premium food and beverage:** Opportunities exist to supply processed and packaged premium Australian food and wine. With new restaurants opening regularly, Australia can build market share in the retail and food service sectors through targeted food promotions at hotels, restaurants, retail supermarkets and local trade shows.

**Agribusiness:** Because of its favourable climate and geography, Myanmar has the potential to become a major agricultural producer and exporter. Opportunities are emerging in dairy and aquaculture technology, as well as livestock farming, for Australian technology and expertise to assist with lifting productivity.



**For further information on Myanmar visit:**

[dfat.gov.au/geo/myanmar/Pages/myanmar.aspx](https://dfat.gov.au/geo/myanmar/Pages/myanmar.aspx)

[austrade.gov.au/Australian/Export/Export-markets/Countries/Myanmar/Market-profile](https://austrade.gov.au/Australian/Export/Export-markets/Countries/Myanmar/Market-profile)

## The Philippines



### Trade and investment relationship with Australia

- Total two-way trade: \$4.3 billion (2016)
- Trade in goods: \$2.7 billion
- Trade in services: \$1.5 billion
- Total two-way investment stock: \$10.6 billion (2016)
- Australian investment in the Philippines: \$9.3 billion (2016)
- The Philippines investment in Australia: \$1.3 billion (2016)

### Key features of the market

- Population: 104.2 million
- GDP growth: 6.8% (2016)
- GDP: US\$304.7 billion (2016)
- GDP per capita: US\$2,924.30 (2016)
- Ease of doing business: 99 of 190 (2017)

**Free Trade Agreements** AANZFTA ✓ RCEP



### Key trends

The Philippines is one of Asia's fastest-growing economies and has a rapidly expanding middle class. The macro-economic fundamentals of the Philippine economy remain sound, based on strong domestic consumption, ambitious infrastructure plans and an educated bilingual workforce. Major Philippine conglomerates play an important role in the economy, supporting economic growth and investment across multiple sectors of the economy.

Domestic consumption contributes almost 75 per cent of GDP<sup>25</sup> and is expanding at over 6 per cent per annum.<sup>26</sup> A rise in disposable incomes across the country is underpinned by Overseas Filipino Worker remittances, which comprises around 10 per cent of the Philippines' GDP. In 2016, over 2.1 million Filipinos worked overseas. Filipinos are digitally connected, with around 87 per cent of the population owning a mobile device.<sup>27</sup>

The Philippine Government wants to carry out reforms to make the nation more globally competitive. These reforms aim to improve infrastructure and ease of doing business, revise foreign ownership restrictions, and invest in human capital development.

The Government has launched an unprecedented spending program on transport, railways, roads, airports, ports, energy and utilities development to ease infrastructure bottlenecks – the 'Build Build Build' program allocated 5.4 per cent of GDP (\$193 billion) from 2016 to 2022.

Despite significant market opportunities, the Philippines can present challenges, including constitutional limits on foreign investment in various industries and public utilities, business registration and establishment.



## Opportunities for Australian companies

Over 280 Australian companies are in the Philippines in a range of sectors including infrastructure, transport, financial services, mining, energy and shared services (business process outsourcing).

### **Premium agricultural, food commodities and**

**services:** The Philippines remains a net food importer. Rising incomes are fuelling growth in the retail, food service and processing industry as well as demand for Australian products such as grains and flour, temperate fruits and vegetables, beef and lamb, dairy, wine and healthy, nutritionally-boosted food and beverages.

The agricultural sector is seeking technologies and services to increase productivity and efficiency levels, including livestock genetics, feeds, production and supply chain management and irrigation solutions. Australian agtech, logistics and supply chain solutions are areas of commercial potential.

**Education:** Employment and productivity are top of the agenda for the Philippine government and private sector. Recent education reforms seek to align the Philippines with the rest of the region, to 'future-proof' jobs and address industry skills gaps.

There are solid opportunities in the higher and tertiary education sector, including vocational education and training (VET) and skills development. The Philippines is focused on developing globally competitive skills, including in healthcare, aged care, hospitality, business processing and retail. Australian education and VET providers have opportunities in VET and skills programs for delivery in Australia or in the Philippines.

### **Consultancy, engineering and technical advisory**

**services:** The Philippines is the headquarters of the Asian Development Bank and is an international aid recipient. Service providers have opportunities for involvement in multilateral aid projects, not only in the Philippines but also in Central and South Asia. Infrastructure, water, transport, energy, disaster management, health and education are areas of potential.

**Resources and energy and services:** The Philippines is the fifth most mineralised country in the world.<sup>28</sup>

Australia is considered a leader in achieving sustainable mining. There are opportunities in supply and supporting infrastructure and services for liquefied natural gas and renewable energy, particularly solar-related. Despite challenging commodity prices and regulatory constraints, opportunities for Australian mining equipment, technology and services companies include specialist consultancy, engineering services and mining equipment supply.

**Healthcare:** Opportunities in this sector include education and training, complementary health products, telemedicine and facilities design and management.



## For further information on the Philippines visit:

[dfat.gov.au/geo/philippines/Pages/philippines.aspx](https://dfat.gov.au/geo/philippines/Pages/philippines.aspx)

[austrade.gov.au/Australian/Export/Export-markets/Countries/Philippines/Market-profile](https://austrade.gov.au/Australian/Export/Export-markets/Countries/Philippines/Market-profile)

## Case Study: Site Group International

### Australian skills training helps localise FDI labour in Asia



For developing economies, one of the great challenges of foreign direct investment (FDI) is ensuring the local labour force has the right skills and gains employment opportunities. One company tackling this challenge is Site Group International Ltd (Site). A specialist in training personnel for mining, construction and energy projects, Site is a skills-training company that is rapidly extending Australia's education export industry to meet the demand generated by FDI projects in the ASEAN region.

Site's flagship investment is a 30-hectare facility in the Clark Freeport Zone, near Manila, in the Philippines. Site entered into a 50 year lease in

2009, invested tens of millions of dollars and transformed the location into a campus able to support over 1,000 students at a time. Site's first customer in the Philippines was oil giant Shell, which engaged Site to train local workers in global health and safety standards providing over 13,500 courses for over 8,000 workers for Shell's Malampaya Deep Water Gas-to-Power project. Today many other industry leaders such as OceanaGold, GE, Orica, Sandvig, CAT and ConocoPhillips have joined the push for competency based training in the region.

With its fast-developing resources sector, Myanmar is also proving a high-demand market. In 2015, Site built a Safe Live Process Plant (SLPP) with its partner Uniteam at its facility in Yangon, to train engineers in how to operate oil and gas processing plants. 'We are helping to kick-start the careers of graduates from the University of Yangon by providing them with immersive training and assessment programs,' says Vernon Wills, Managing Director, Site. 'This enables them to begin work with major in-country or overseas investors on major projects.' It also enables Myanmar nationals who are new to the industry to be trained as junior technicians and gain technical skills for long term employment.

## Singapore



### Trade and investment relationship with Australia

- Total two-way trade: \$22.7 billion (2016)
- Two-way trade in goods: \$12.6 billion
- Two-way trade in services: \$10.1 billion
- Total two-way investment stock: \$160.4 billion (2016)
- Australian investment in Singapore: \$61.5 billion (2016)
- Singapore investment in Australia: \$98.9 billion (2016)

### Key features of the market

- Population: 5.6 million<sup>29</sup>
- GDP growth: 2% (2016)
- GDP: US\$297 billion (2016)
- GDP per capita: US\$52,960.70 (2016)
- Ease of doing business: 2 of 190 (2017)

**Free Trade Agreements** SAFTA  AANZFTA  RCEP  TPP 



### Key trends

Singapore is a stable, sophisticated and wealthy city-state characterised by its ease and transparency of doing business, status as a logistics hub and centre for finance. Singapore's outward-looking, export-oriented approach to trade has established the country as a strategic global hub, with strong interconnectivity to ASEAN's growing middle class population. Over 3,500 multinational corporations are based in Singapore.

Singapore has a diversified economy with key sectors including manufacturing, business services and financial services. Recent economic reforms have helped Singapore become a financial, trade and wealth management hub for the region and a global hub for currency and commodity trading, transshipment and oil and gas refining.

Singapore is a leading innovative nation, ranking sixth in the World Innovation Index. In 2017, the Government announced a five-year economic transformation supported by increased investment in public infrastructure and technology-driven innovation.



### Opportunities for Australian companies

Singapore is Australia's largest trade and investment partner in ASEAN, and an important focus for Australia's commercial engagement in the region. The Comprehensive Strategic Partnership elevates Australia's relationship with Singapore to further enhance people, business and government links. Opportunities in Singapore include:

**Advanced manufacturing:** As a hub for multinational corporations and global value (production) chains, there are opportunities in the aerospace and defence sectors for Australian capabilities in advanced manufacturing, materials and services.

**Oil and gas supply chain:** Singapore is the world's third largest oil trading hub and home to almost all of the global energy majors and engineering procurement and construction management companies. Opportunities exist for Australian companies in global supply chains, especially in solutions, processes and new technology sectors to enhance operational efficiencies.

**Innovation:** Singapore's 'Smart Nation' program and focus on innovation and commercialisation of technologies provide opportunities for collaboration and commercial partnerships across sectors including cyber security and big data.

**Infrastructure and construction:** Australian pension funds and asset managers will benefit from the infrastructure project pipeline in Singapore, with opportunities to invest and partner with construction and engineering companies preparing for the US\$1 trillion-plus per annum of infrastructure to be built across the region.

**Education and training:** Education trends in Singapore are focused on developing workforce skills, innovation and technology. There's a high priority on developing an industry-ready workforce through training in specialised skills and innovation. Targeted, skills-based training and research on niche 'borderless education' and institutional research are areas of potential collaboration.

**Healthcare services and technologies:** One in four Singapore citizens is predicted to be over 65 years by 2030.<sup>30</sup> This will create demand for healthcare services, medtech and biotech services. Australia's extensive capabilities across these sectors can support Singapore, especially in new medical technologies.

**Food service and retail:** Singapore's small but sophisticated consumer class creates significant opportunities for Australian exporters of agrifood, premium food, wine and consumer goods. Suppliers will also benefit from improved logistics across the region, enabling them to provide quality Australian food into the expanding ASEAN market via Singapore.



**For further information on Singapore visit:**

[dfat.gov.au/geo/singapore/Pages/singapore.aspx](https://dfat.gov.au/geo/singapore/Pages/singapore.aspx)

[austrade.gov.au/Australian/Export/Export-markets/Countries/Singapore/Market-profile](https://austrade.gov.au/Australian/Export/Export-markets/Countries/Singapore/Market-profile)

## Thailand



### Trade and investment relationship with Australia

- Total two-way trade: \$21.2 billion (2016)
- Trade in goods: \$18.1 billion
- Trade in services: \$3.1 billion
- Total two-way investment stock: \$7.6 billion (2016)
- Australian investment in Thailand: \$4.4 billion (2016)
- Thai investment in Australia: \$3.1 billion (2016)

### Key features of the market

- Population: 69 million
- GDP growth: 3.2% (2016)
- GDP: US\$406.9 billion (2016)
- GDP per capita: US\$5,899.40 (2016)
- Ease of doing business: 46 of 190 (2017)

**Free Trade Agreements** TAFTA  AANZFTA  RCEP 



### Key trends

Thailand is ASEAN's second largest economy after Indonesia. It is an upper middle-income country with robust export-oriented industries and strengths in agribusiness, tourism, automotive and electronics manufacturing.

Around 60 per cent of Thailand's GDP comes from services (including tourism), 27 per cent from a diverse industrial and manufacturing base and eight per cent from the agriculture sector. Thailand is a regional and global manufacturing hub for vehicles, automotive components, consumer electronics, and processed food and beverages.

The diversity of Thailand's industrial sector is a key driver of growth. Thailand also provides access to the Greater Mekong sub-region, where the emerging markets of Myanmar, Vietnam, Cambodia and Laos offer additional business opportunities.

'Thailand 4.0' is the country's ambitious, 20-year plan to transform its economy into one which is higher value-added, innovative and knowledge-based, with an increased focus on services. The Government is seeking to boost Thailand's international competitiveness in high-potential industries as part of this plan.



### Opportunities for Australian companies

Thai companies are looking for solutions and partnerships to enhance their market position, technical capabilities and operational effectiveness. Australian companies are well-represented in Thailand, particularly in advanced manufacturing, logistics, and professional and financial services. Areas where Australian companies have prospects include:

**Digital transformation:** Thailand's digital economy is expanding at a rapid rate, following major investments in ICT infrastructure. Thais are some of the most active users of smartphones in the region,<sup>31</sup> and the e-commerce market, currently valued at more than US\$3 billion, is forecast to grow by 15 per cent over the next five years.<sup>32</sup> Banks and businesses are looking for innovative solutions to operate more efficiently and take advantage of new online business models.

**Smart cities:** Thailand has embarked on an ambitious infrastructure development program to upgrade its connectivity, logistics capacity and competitiveness. Rail, road, airports and sea ports projects worth over US\$25 billion are expected to be delivered; and funding is anticipated to be a mix of state financing, public-private partnerships, and foreign direct investment. The Thai Government is also accelerating the development of smart cities programs in key regional areas to further improve transport, education, healthcare and tourism services across the country.

**Industry development:** There are opportunities for Australian technology, services and know-how to enhance industry capabilities and competitiveness, particularly in agriculture, healthcare, communications, cybersecurity, aviation, e-government and financial service technologies. The rising middle class continues to drive demand for quality school, university and vocational training to support Thailand 4.0 priorities and to build a globally competitive workforce.

**Aviation:** Thailand has ambitions to become an aviation hub and is preparing itself for the expected tripling of the regional airline fleet over the next 20 years.<sup>33</sup> To succeed, the industry will require the latest technologies, maintenance capabilities and skilled personnel. Australian exporters with relevant capabilities, including in maintenance, repair and overhaul and vocational training, are well-positioned to support this growth.

**Tourism and healthcare:** Bangkok is the most visited city in the world, attracting more than 21 million visitors in 2016.<sup>34</sup> Over 800,000 Australians travel to Thailand every year. The Government is investing heavily in Thailand's six major international airports to service an anticipated increase in tourist arrivals to 47 million by 2020.<sup>35</sup> The tourism sector is looking for better ways to provide unique experiences and operate sustainably. Thailand is also a healthcare leader in the region. The Government is encouraging more investments to position the country as the medical and wellness centre of ASEAN.

**Packaging and processing:** Thailand is the manufacturing, processing and distribution centre of Southeast Asia. With over 10,000 food manufacturers in the country alone,<sup>36</sup> there's demand for modern packaging and processing equipment which can improve operational efficiency and meet the needs of more discerning consumers in Thailand's key export markets.



**For further information on Thailand visit:**

[dfat.gov.au/geo/thailand/Pages/thailand.aspx](https://dfat.gov.au/geo/thailand/Pages/thailand.aspx)

[austrade.gov.au/Australian/Export/Export-markets/Countries/Thailand/Market-profile](https://austrade.gov.au/Australian/Export/Export-markets/Countries/Thailand/Market-profile)

## Vietnam



### Trade and investment relationship with Australia

- Total two-way trade: \$10.5 billion (2016)
- Trade in goods: \$8.3 billion
- Trade in services: \$2.2 billion
- Total two-way investment stock: \$2.6 billion (2016)
- Australian investment in Vietnam: \$1.9 billion (2016)
- Vietnamese investment in Australia: \$727 million (2016)

### Key features of the market

- Population: 92.7 million
- GDP growth: 6.2% (2016)
- GDP: US\$201.3 billion (2016)
- GDP per capita: US\$2,173.30 (2016)
- Ease of doing business: 82 of 190 (2017)

**Free Trade Agreements** AANZFTA  RCEP  TPP 



### Key trends

Vietnam is likely to remain a standout growth market in ASEAN in coming years with favourable demographics, strong international export orientation and robust domestic economic activity. Accelerating urbanisation, a young median age of 30 years, and a middle class tracking to reach 33 million by 2020 – the fastest rate of growth in ASEAN – is also helping to grow Vietnam's economy.<sup>37</sup>

The Vietnamese Government has put international economic integration at the centre of its plans. Vietnam is a significant export manufacturer and its export-oriented economic model has remained resilient in the face of weak global trade. The country has emerged as a manufacturing hub for electronics, garments and footwear. Goods and services exports now comprise over 90 per cent of Vietnam's GDP, up from 30 per cent in the mid-1990s.

Vietnam is a significant trade partner for Australia, underpinned by strong people-to-people links. Vietnam is Australia's fastest-growing export market in ASEAN, growing 11.3 per cent annually on average over the past decade. Trade in services, particularly professional services and education, are emerging areas of growth.

### Opportunities for Australian companies

**Education:** Vietnam is encouraging internationalisation of education as part of its 'Industry 4.0' agenda, including vocational education and partnerships. Australian business is playing a leading role in this sector, focusing on education and skills development. Australian university RMIT was the first foreign university to establish a campus in Vietnam in 2000.

**Infrastructure and aviation:** Vietnam's construction and infrastructure sector is expected to grow steadily to 2025, supported by targeted government reforms. Vietnam wants to establish public-private-partnership projects, creating opportunities for private companies to enter the infrastructure market.

Australian companies can support Vietnam's infrastructure priorities such as smart cities initiatives across services including e-government, traffic management, education and healthcare.

Aviation is a priority development sector, supported by strong growth in passenger numbers and freight. Vietnam is seeking foreign investment and expertise to lift the skills of its labour force and improve aviation infrastructure capacity and aerospace manufacturing capability.

**Healthcare services:** Public and private sector healthcare expenditure is growing in excess of 10 per cent per annum.<sup>38</sup> Investments in the sector are focused on upgrading technology to meet international standards, expanding the pharmaceutical supply chain, and establishing international partnerships, including with Australia, to support the improvement of healthcare capabilities.

**Premium food and beverage:** Vietnamese consumers are increasingly concerned about food safety and are demanding higher-quality food and beverage products. Supermarkets are starting to overtake traditional wet markets. Japanese, South Korean and Thai retailers are operating in Vietnam. It's estimated that by 2020, Vietnam will have over 1,200 large supermarkets and hypermarkets, in addition to thousands of convenience stores.<sup>39</sup> An increasing preference for dining out, the expanding tourism sector and AANZFTA-driven tariff cuts continue to drive strong growth, particularly for premium quality products.

**Agribusiness:** The agribusiness sector generates 16 per cent of Vietnam's GDP and comprises nearly one-sixth of exports. Vietnam has set policies to prioritise high-tech agribusiness development, increase productivity and protect the environment. These policies incentivise R&D, worker training and development of hi-tech agribusiness – all areas offering scope for Australian business to pursue collaborative partnerships.

**Resources and energy:** Hydropower, gas and coal are Vietnam's three main energy sources. Vietnam became a net coal importer in 2016, and gas production is forecast to decline from 2020,<sup>40</sup> fuelling the need for infrastructure such as deep-water ports, LNG terminals and distribution networks to end users. Vietnam's Industry 4.0 agenda and National Energy Development Plan emphasise the importance of improved energy performance and efficiency. Australian firms with expertise in solutions that combine technology, equipment and services to drive increases in productivity and efficiency would be highly competitive.



**For further information on Vietnam visit:**

[dfat.gov.au/geo/vietnam/Pages/vietnam.aspx](https://dfat.gov.au/geo/vietnam/Pages/vietnam.aspx)

[ustrade.gov.au/Australian/Export/Export-markets/Countries/Vietnam/Market-profile](https://ustrade.gov.au/Australian/Export/Export-markets/Countries/Vietnam/Market-profile)

## Case study: GroupGSA

### Architects build ASEAN expansion plans in Ho Chi Minh City



Australian architects and designers are building practices across Southeast Asia, and Sydney-based GroupGSA shows how rapidly they can grow.

In just three years, this multi-disciplinary design firm has established a 20-person office in Vietnam's Ho Chi Minh City and has won design competitions for several high-profile projects and clients, including the TSN carpark at HCMC airport, a \$15 million masterplan for the United Nations School

in Hanoi, now under construction, and a new hotel resort for Marriott on the Island of Hon Tam, off Nha Tran.

In 2014, GroupGSA set up a 100 per cent, wholly owned foreign enterprise (WOFE) in Vietnam, a corporate structure that allows overseas companies to hire local workers.

'Establishing our first office took quite a while, but the Vietnamese legal system is strong and employment laws are clear,' says Matt Young, Architect and Principal, GroupGSA Vietnam. 'It took just eight weeks to open our second office in Hanoi. As a foreign enterprise firm, we've sourced highly skilled workers who contribute firm-wide.'

For GroupGSA, Vietnam is proving an ideal entry point to economies in the ASEAN region. With an average age under 30 and a fast-growing middle class, the energy and optimism is palpable. The company's Ho Chi Minh City office already earns 80 per cent of its revenue from regional contracts.

'We will grow organically from Ho Chi Minh City, leveraging our growing brand recognition and client referrals,' says Mark Sheldon, GroupGSA's Managing Director.





## SECTION 4

# HOW SHOULD COMPANIES APPROACH DOING BUSINESS IN ASEAN?

Companies should carefully assess the risks and benefits associated with each market because of the region's diversity.

Businesses should consider developing an ASEAN market entry plan that includes identifying risks and strategies to mitigate them.

Austrade's Guide to Exporting may be a useful resource for developing your plan: [austrade.gov.au/Australian/Export/guide-to-exporting](https://austrade.gov.au/Australian/Export/guide-to-exporting)

Information about how Austrade can help is available at [austrade.gov.au/Australian/how-austrade-can-help](https://austrade.gov.au/Australian/how-austrade-can-help)

## Seven practical tips for success in ASEAN

### 1 Stay informed of regulatory developments

Each ASEAN country presents a different legal and regulatory framework. Unexpected regulatory changes pose a risk in some ASEAN markets. It is crucial that companies planning to expand into the region first obtain professional advice to better understand these frameworks. Austrade and AustCham ASEAN can assist Australian businesses with referrals on the ground.

Australia's free trade agreements (FTAs) may provide market access opportunities or protections to Australian businesses operating in the region. They can also help provide certainty and stability for businesses operating in unfamiliar regulatory environments. Different FTAs apply in different countries. It's important for companies to evaluate the landscape of FTAs to determine how their business can benefit from relevant bilateral and regional FTAs in specific markets.

Through the Department of Foreign Affairs and Trade's FTA Portal ([ftaportal.dfat.gov.au](http://ftaportal.dfat.gov.au)), Australian businesses can obtain free information on tariffs pertaining to our FTAs to help them identify opportunities in specific markets. The Portal includes information on using Australia's FTAs to trade with the ASEAN region, including our region-wide FTA (AANZFTA), and our FTAs with Malaysia (MAFTA), Singapore (SAFTA) and Thailand (TAFTA). The Portal also includes an interactive tool to help businesses decide whether a bilateral or regional FTA offers the best access for their exports.

For information about standards and how to comply with them, companies should consult several Australian bodies including the National Measurement Institute, Standards Australia, National Association of Testing Authorities and the Joint Accreditation System of Australia and New Zealand (JAS-ANZ). They engage closely with their ASEAN counterparts and are a useful source of information.

### 2 Be mindful of governance

In some ASEAN countries, corruption poses challenges. Bribery of foreign public officials is a crime and Australian individuals and companies can be prosecuted in Australia or overseas for bribing foreign officials when overseas. Australian businesses also need to be aware of how anti-bribery laws in other countries may apply to them, including laws around facilitation payments. The Australian Government's Foreign Bribery Information and Awareness Pack provides further information.

[ag.gov.au/CrimeAndCorruption/Foreignbribery/Pages/default.aspx](http://ag.gov.au/CrimeAndCorruption/Foreignbribery/Pages/default.aspx)

### 3 Plan for financial risks

Although most ASEAN countries have enjoyed sustained economic growth, there are always financial risks associated with emerging economies that investors must consider. Restrictions on foreign investment and anti-competitive practices continue to undermine the potential of many ASEAN markets. And while lower labour costs in many countries might help make operations more competitive, this doesn't always compensate for lower levels of productivity.

### 4 Pay attention to development and logistical challenges

Extreme poverty has declined markedly across the region. Nonetheless, poverty and underdevelopment persist in several ASEAN countries. Businesses will need to consider how this affects labour hire decisions in relation to the availability of qualified and experienced personnel, local labour laws, and how firms interact with local and national governments.

Electricity, water and transport infrastructure are underdeveloped in a number of regional areas, and capacity continues to lag demand. Weak transport infrastructure also hinders the development of regional value chains. Businesses will need to plan their route to market.

## 5 Consider political instability and security risks

There are unresolved territorial disputes in the Indo-Pacific region and several states in ASEAN face internal security challenges. Australian businesses should monitor the political situation in individual countries, assess the risks associated with business activities, and take appropriate precautions.

Travellers should consult official government advice, and register their travel, at [smartraveller.gov.au](https://smartraveller.gov.au)

## 6 Show patience and cultural sensitivity

Australian business culture is highly transactional in nature; this isn't the case in many ASEAN countries. Some of the most successful businesses have been present in ASEAN markets for decades. Commitments of time and empathy are needed when approaching cultural borders, particularly if business activities straddle multiple markets. This is a complex area, but it deserves attention at the highest levels of the organisation.

Austrade provides an overview of many export markets, including information on business culture, at [austrade.gov.au/Australian/Export/Export-markets/Countries](https://austrade.gov.au/Australian/Export/Export-markets/Countries)

Further information on business culture is available from Asialink Business Country Starter Packs. Asialink Business has produced a report on developing Asia capability in Australian businesses.

[asialinkbusiness.com.au/country-starter-packs](https://asialinkbusiness.com.au/country-starter-packs)

## 7 Practise due diligence

Working with reputable local partners, clients and customers and taking the time to develop deep, long-term relationships will substantially reduce the risks associated with operating in the region. Dissolving relationships is a complicated process in most ASEAN countries, and extricating yourself from

an unwise choice can be difficult. Take your time and use all the resources at your disposal to satisfy yourself of the credentials of your business partners and their fit with your strategy and corporate values.

Run your business to international standards. Ensure that business decisions are supported by robust due diligence and risk management processes. 'Think local' about the market, but approach governance and corporate social responsibility from an Australian perspective. This will open doors within ASEAN markets.

## Advice and assistance

Austrade provides general information about exporting and doing business in international markets, free of charge to Australian companies. It also offers a range of tailored trade services for areas where there's strong demand for Austrade services and where it can add the most value.

Austrade also leads on investment promotion, attraction and facilitation.

The Department of Foreign Affairs and Trade manages Australia's overall international engagement through Australia's bilateral, regional and multilateral relationships, including trade and investment negotiations and aid programs.

Efic supports Australian business through specialist finance solutions, and the Australian Centre for International Agricultural Research (ACIAR) builds Australia's international agricultural research collaboration.

Tourism Australia leads on promotion of Australia as a tourism destination and offers information and advice to businesses.

[austrade.gov.au](https://austrade.gov.au)

[dfat.gov.au](https://dfat.gov.au)

[efic.gov.au](https://efic.gov.au)

[tourism.australia.com](https://tourism.australia.com)



## Our points of presence in the ASEAN region

- Austrade
- Department of Foreign Affairs and Trade
- Chambers of Commerce

The Australian Government also offers export finance and support through:

### Export Market Development Grants (EMDG)

The EMDG scheme is a key Australian Government financial assistance program for aspiring and current exporters. The scheme is administered by Austrade.

The EMDG scheme:

- encourages small and medium-sized Australian businesses to develop their export markets
- reimburses up to 50 per cent of eligible export promotion expenses above \$5,000, provided that total expenses are at least \$15,000
- provides up to eight grants to each eligible applicant.

For more information, see [austrade.gov.au/EMDG](http://austrade.gov.au/EMDG)

### Chambers of Commerce and Business Councils

Australian businesses in ASEAN benefit from a range of chambers of commerce and business councils across the region. They:

- provide a forum to exchange ideas, experiences and information, develop contacts and facilitate interaction with Australian, national and international senior executives interested in enhancing trade and investment in ASEAN and Australia;
- act as a voice for Australian business and a conduit through which useful insights are provided to the Australian Government on policy considerations affecting Australian business in the region, and ASEAN investors into Australia.

The Australia-ASEAN Chamber of Commerce (AustCham ASEAN) was officially launched by the Australian Prime Minister, the Hon Malcolm Turnbull MP, in June 2017.

AustCham ASEAN is a 'chamber of chambers' with its membership base the officially registered Australian chambers and business councils from across ASEAN. Its purpose is to support foundation members to deepen Australian business engagement with ASEAN, through:

- informing Australian business on regional integration developments and the business landscape with a particular focus on an annual business survey;
- explaining the contribution of Australian business to ASEAN markets; and
- advocating for policies, rules and regulations that support Australian business activities in ASEAN (including organising sector roundtables in key areas of interest for Australian business).

The Presidency of AustCham ASEAN will be held by AustCham Singapore for 2017–18. AustCham ASEAN's rotating presidency will align with the ASEAN Chair Country, which changes annually.

AustCham ASEAN and business chambers based in the region can provide advice, assistance and connections in ASEAN countries. Similarly, the Australia-ASEAN Business Council, based in Brisbane, helps raise the profile of Australian business opportunities in ASEAN. Both AustCham ASEAN and the Australia-ASEAN Business Council are accredited to the ASEAN Business Advisory Council (ABAC).

[austchamasean.com](http://austchamasean.com)  
[australia-aseanbc.org](http://australia-aseanbc.org)  
[asean-bac.org](http://asean-bac.org)

## Industry Growth Centres Initiative

The Industry Growth Centres Initiative is an industry-led approach driving innovation, productivity and competitiveness by focusing on areas of competitive strength and strategic priority. Growth Centres are not-for-profit organisations, each led by a strategic board of industry experts who oversee the operation of their Growth Centre.

Growth Centres have been established in six industry sectors:

- Advanced Manufacturing
- Cyber Security (known as AustCyber)
- Food and Agribusiness (known as Food Innovation Australia Limited)
- Medical Technologies and Pharmaceuticals (known as MTPConnect)
- Mining Equipment, Technology and Services (known as METS Ignited)
- Oil, Gas and Energy Resources (known as National Energy Resources Australia)

Growth Centres identify common barriers for their sectors engaging with international opportunities, consider and facilitate collaboration on possible solutions, and help firms develop the capacity to participate in global markets, including in the ASEAN region.

For further information, see [business.gov.au/about/industry-growth-centres-initiative](https://business.gov.au/about/industry-growth-centres-initiative)

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