



INTERNATIONAL
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Australia

Commercial Overview

Asia Pacific Business Outlook Conference
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U.S. Commercial Counselor





Introduction

Commercial Service of Australia & New Zealand



- Sydney
- Perth
- Canberra
- Wellington

*Commercial Specialists with industry
knowledge and contacts*



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Misconceptions





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Common objections

- It's a small market.
- It's very far away.
- U.S. products are not price competitive.



Geographical Size

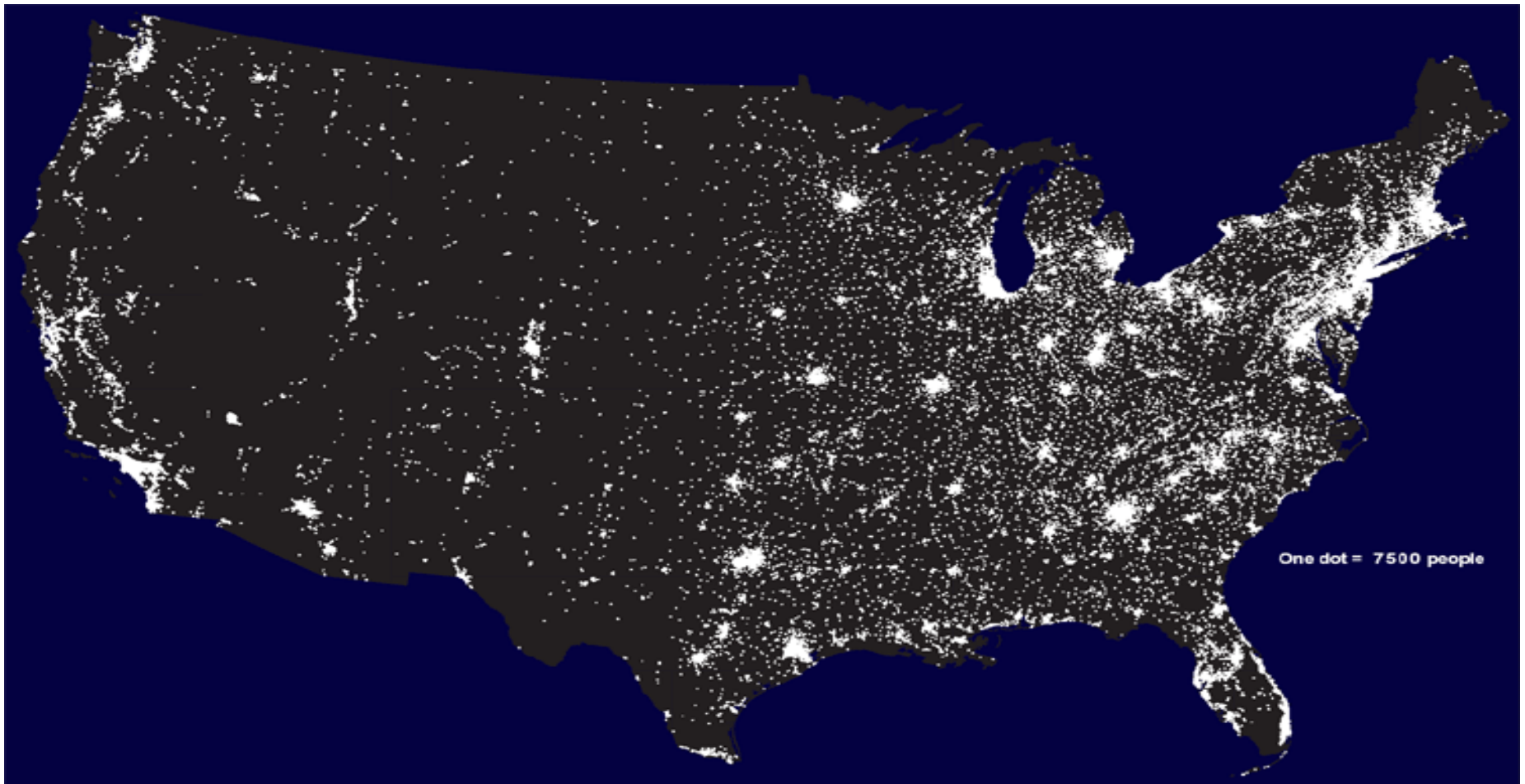




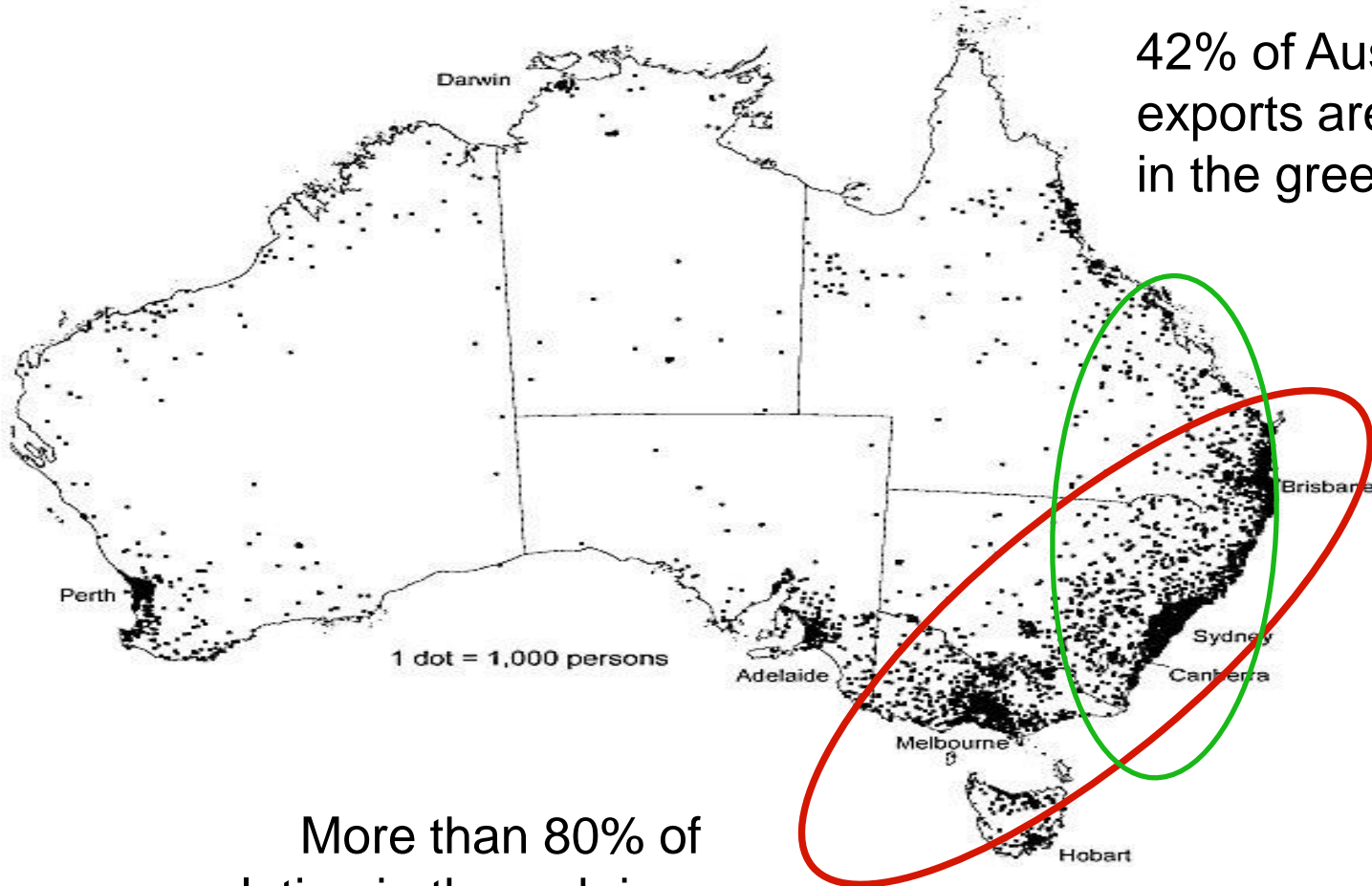
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U.S. Population Density

1 dot = 7500 people



Australia: Population Density



42% of Australia's exports are generated in the green ring.

More than 80% of population in the red ring.

Australia: Basic Facts



- Population: 23 million
- GDP: US\$1.3 trillion
- GDP Growth rate
2012: 3.5 %
- Unemployment: 5.2%
- Exchange rate:
US\$1.00 = A\$.95



Australia: Business Environment

- Stable political environment and FTA in place
- Transparent and “friendly” commercial environment attractive to American business
- U.S. company/brand names are commonplace
- Global orientation
- IPR regimes in place
- Ranked 10th easiest place for SME’s doing business by World Bank
- “If you want to go to a fast-growth economy where people speak English and are nice, go to Australia.” – Jeffrey R. Immelt, GE Chairman and CEO





Top 10 Most Livable Cities in the World

Country	City	Rank	Overall Rating	Stability	Healthcare	Culture & Environment	Education	Infrastructure
Australia	Melbourne	1	97.5	95	100	95.1	100	100
Austria	Vienna	2	97.4	95	100	94.4	100	100
Canada	Vancouver	3	97.3	95	100	100	100	92.9
Canada	Toronto	4	97.2	100	100	97.2	100	89.3
Canada	Calgary	5	96.6	100	100	89.1.	100	96.4
Australia	Adelaide	5	96.6	95	100	94.2	100	96.4
Australia	Sydney	7	96.1	90	100	94.4	100	100
Finland	Helsinki	8	96	100	100	90	91.7	96.4
Australia	Perth	9	95.9	95	100	88.7	100	100
New Zealand	Auckland	10	95.7	95	95.8	97	100	92.9

Economist Intelligence Unit, August 2012



Australia's position in International Surveys in 2012

Survey	Australia	New Zealand	USA	Closest to Australia in Asia-Pacific	Also...
Institute for Management Development's World Competitiveness Yearbook rating	15	24	2	Singapore - 4	Hong Kong -1
Transparency International Corruption rank (2012)	7	1	19	Singapore - 5	Hong Kong - 14
Heritage Foundation's ranking for Economic Freedom	3	4	10	Hong Kong -1, Singapore -2	China-138
World Bank Doing Business rank	10	3	4	Malaysia-12, Japan-24	China- 91
World Bank Business	2	1	13	Singapore - 4,	South Korea

Australia: Trade in Goods & Services 2012

Top export markets:

China	29.1%
Japan	19.4%
S. Korea	8.3%
India	5.0%
U.S.	3.8%

Top merchandise exports:

Iron ore & concentrates
Coal
Gold
Crude petroleum
Natural gas
Wheat
Aluminum ores & conc.
Copper ores & conc.
Aluminum
Beef

Australia: Trade in Goods & Services 2012

Top import markets:

China	18.1%
U.S.	12.8%
Japan	8.5%
Singapore	6.2%
Germany	4.7%

Top merchandise imports:

- Crude petroleum
- Passenger motor vehicles
- Refined petroleum
- Medicaments (incl. vet)
- Telecom equip & parts
- Computers
- Goods vehicles
- Gold
- Civil engineering equip/parts
- Monitors, projectors & TVs



US: Strong trade ties with Australia

- Our 14th largest export market
- U.S. merchandise exports to Australia: US\$30.7 billion
- U.S. services exports to Australia: US\$10.9 billion
- Trade surplus (g&s): US\$26.6 billion
- Major trading partners: China, Japan, U.S.





Australia's Trade with the U.S. 2012

Top exports to U.S:

Beef/Meat products	15.1%
Medical instruments	8.0%
General Industrial	7.5%
Aircraft parts	7.0%
Precious stones	5.0%
Beverages	5.0%
Electrical products	4.0%
Vehicle parts	3.2%
Zinc	2.7%
Pharmaceuticals	2.4%

Top imports:

General Industrial	28.7%
Vehicles and parts	17.4%
Medical devices	9.6%
Electrical machinery	9.0%
Pharmaceuticals	5.0%
Chemical products	1.7%
Rubber/plastic products	4.0%
Cosmetics/Toiletries	1.5%
Iron/Steel products	1.5%
Fertilizer	1.1%



Australia-U.S. Free Trade Agreement

Effective – January 1, 2005



- Tariff Reduction (99% eliminated)
- Improved access for service providers
- Intellectual Property (strengthened protection)
- Opens all Australian state & federal govt. procurement
- Investment access improved
- Importer Must Claim Preferential Treatment
- No Certificates Required but Rules of Origin Apply



Standards and Approvals

Few real barriers, but must meet technical standards and approvals:

- **Standards Australia -**
<http://www.standards.org.au>
- **Australian Quarantine Inspection Service -**
<http://www.daff.gov.au/aqis>
- **Therapeutic Goods Administration (TGA) -**
<http://www.tga.gov.au/>



Market Entry Advice

- Obtain market intelligence
- Competitive and sophisticated market
- Understand distribution methods may differ
- Scale volume and margin expectations to market size
- Account for cultural/geophysical differences
- Undertake due diligence



Leading Sectors for U.S. Exports

- Aircraft and Parts
- Automotive Parts
- Education
- Franchising
- ICT
- Medical Equipment
- Mining Equipment
- Oil and Gas Equipment
- Renewable Energy
- Travel and Tourism



Aircraft and Parts



- U.S.-made aircraft comprise the majority of military, commercial, and general aviation fleets (66% of 13,500 aircraft).
- Opportunities exist in:
 - * MRO - parts and components for aircraft maintenance, repair, and overhaul
 - * Advanced avionics, display, communication, and control and navigational instruments



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Automotive Parts

- Australia has the third highest vehicle ownership rate in the world.
- Oldest average age of cars at 9.9 years.
- The U.S. is the leading source of aftermarket parts supply followed by Japan.
- Opportunities exist for aftermarket equipment, accessories, parts, and tools.
- Australian Automotive Aftermarket Trade Show in April each year is the leading trade show on the Australian aftermarket calendar.



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Education

- There are 3,800 Australian students studying in the United States, of these 40 percent are undergraduates and 20 percent are graduates. Other categories are non-degree 20 percent and 7 percent optional practical training.
- Interest by Australian undergraduates in sports scholarship opportunities is common, as is a one semester exchange. Often the pursuit of a U.S. course by an undergraduate is a direct result of affiliation between the American and Australian university.
- Popular courses for Australian graduates include science, technology, engineering, and business. Graduates seek courses/research specifically relating to their Australian degree.



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Franchising

- Australia has more franchising outlets per capita than any country in the world and three times more per capita than the U.S.

- Franchised businesses in Australia contribute 9.7 percent to Australia's GDP.

- The top three franchising opportunities in Australia are:

- Retail trade non-food, including automotive services (35.5%)

- Retail trade food, including fast food (16.5%)

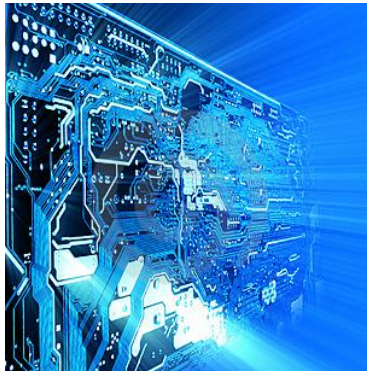
- Personal and other services, including movie hire and gardening (12.2%)



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Information & Communication Technology



- Australians love high-tech products and are major users of ICT. More Facebook users per capita than anywhere else in world.
- Federal Government is significant buyer of IT products and services.
- Key industries in the private sector are- finance, insurance, retail, transport, mining, telecommunications, and media.
- Biggest infrastructure spend in the local market is the Federal Government's **US\$45 billion** fiber-to-the-home National Broadband Network (NBN) that will reach 93% of the Australian population.



Medical Equipment



- 90% of medical devices are imported.
- U.S. is the major supplier followed by Europe and Japan.
- Healthcare market is mature and sophisticated.
- Government-funded healthcare scheme.
- Good prospects exist for new and innovative medical technologies.



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Mining Equipment

- World's largest exporter of black coal, diamonds, iron ore, lead, rutile, zinc and zirconium; the second largest exporter of gold; and the third largest exporter of aluminum and bauxite.
- Mining activity has slowed down in 2013 but demand from China and India is still a market driver.
- Opportunities exist for U.S. suppliers of:
 - Products for open cut mining
 - Filtration technology
 - Centrifuge and condition-monitoring technology
 - Dewatering systems



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Oil and Gas Equipment

- Australia set to become the world's second-largest LNG producer.
- US\$150 billion of projects under construction/ advanced-planning stage.
- Market is international - global operators Apache, BHP-Billiton, Chevron, Exxon, Santos, Shell, and Woodside manage fields in Australia.
- Products and services that are important to the success of future projects include:
 - LNG processing equipment and services
 - Deepwater exploration and production technology
 - Coal seam methane production equipment
 - Technology that reduces labor or increases operational safety



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Renewable Energy



- The Clean Energy Finance Corporation (CEFC) has A\$10 billion for loan guarantees for new clean energy projects to leverage private sector financing.
- The Australian Renewable Energy Agency (ARENA) has A\$3.2 billion to fund R&D and commercialization of renewable energy.
- Carbon tax of A\$23/ton transitioning to an emissions trading scheme in 2015.
- 20% renewable energy target by 2020 is a strong driver.
- Approx. 10% of electricity generation currently sourced from renewables.
- Wind energy a fast growing area.



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Travel & Tourism

- 10th-largest inbound market
- 2011: set new arrivals record
- 1.04 million Australian visitors (15% increase over 2010)
- Strong AUD: fueling demand and phenomenal growth
- Long average length of stay: 21 nights
- 85% leisure travelers; 15% business travelers
- U.S.: most popular long-haul destination



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New Zealand: Geographical Size



About the size of the U.S. State: Colorado

Area of NZ: 270,500 sq km

Area of CO: 269,601 sq km

New Zealand: Basic Facts



- Population: 4.4 million
- GDP: US\$139 billion
- GDP Growth rate September Quarter 2012: 2.25 %
- Unemployment: 6.9%
- Exchange rate:
- NZD1.00 = 83 U.S. cents

NZ: Economic Performance



- Strong New Zealand \$
- Expected economic boost once the rebuilding of Christchurch gets fully underway
- Summer 2012/2013 drought affecting New Zealand farmers



New Zealand: Regional Role

- (CER) “Closer Economic Relations” / FTA: Australia (1990)
- FTA: Singapore (2001), China (2008)
- Trans-Pacific Economic Partnership (TPP): Australia, Malaysia, Vietnam, Chile, Brunei, Peru and U.S. (Negotiations).





The U.S. And New Zealand Share Strong Trade Ties



- NZ and U.S. in ongoing negotiations for the Trans-Pacific Partnership (TPP).
- Secretary Clinton signed “Wellington Declaration” at her Nov 2010 visit to NZ.
- U.S. Exports to NZ approximately \$3 Billion

NZ: Trade in Goods & Services

Top Export Markets:

Australia	23%
China	11%
U.S.	8.7%

Leading Exports:

- Dairy Products
- Meat
- Forest / Wood Products
- Fish
- Machinery
- Wool



NZ: Trade in Goods & Services

Top Import Markets:

Australia	18%
China	16%
U.S.	10.3%

Leading Imports:

- Machinery & Equipment
- Vehicles & Aircraft
- Petroleum
- Electronics
- Textiles
- Plastics





Best Prospects For U.S. Companies in New Zealand

- Agricultural Equipment
- Aircraft and Parts
- Energy
- Franchising
- ICT
- Medical Equipment
- Tourism

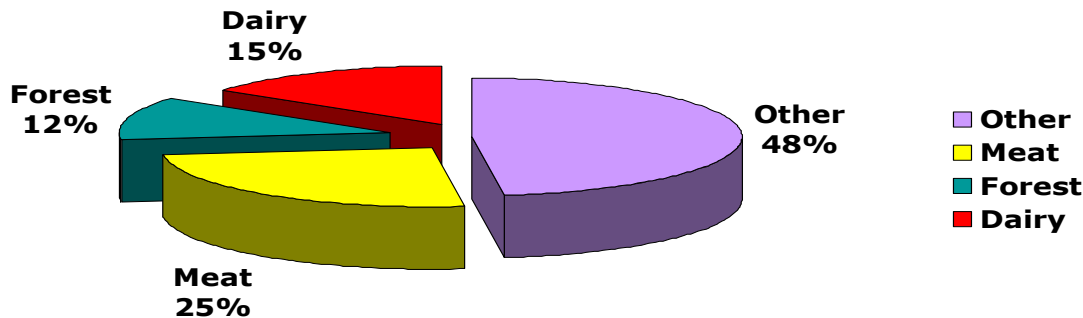


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Agribusiness

- Agriculture is New Zealand's largest industry and largest export at 6% of GDP.
- Including downstream services escalates to 17% of New Zealand's annual GDP.
- 90% of farm production exported.





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Aircraft and Parts



- Aircraft are important segments of the New Zealand economy including tourism and trade.
- U.S. aircraft represent more than 50 percent of New Zealand's aircraft fleet.



Energy

- New Zealand is self-sufficient in all energy forms except oil
- Renewable energy is shaping New Zealand's energy outlook.



Franchising



- Franchising is a mature market in New Zealand.
- There are 423 active franchise systems.
- Half of all franchised units are owned together with a spouse or partner.



Information & Communication Technology (ICT)



- ICT is backed by the New Zealand Government as a means to increase local productivity and enhance innovation.
- New Zealand's ICT sector comprises of around 7,500 organizations. Most multinational brands are distributed in New Zealand.



Medical Equipment



- Approximately 80% of healthcare in New Zealand is publicly funded.
- Total market size for medical equipment is approximately \$500 million
- New Zealand has an aging population



Travel and Tourism Services

- New Zealanders are avid travelers.
- The United States is the second most popular destination after Australia.
- Approximately two million people travel internationally per annum.





Fiji Facts & Economic Data



- Population: 903,000 (2013 est.)
- GDP: \$4.179 billion (2013 est.)
- GDP Growth: 1.9% (2013 est.)
- Exchange Rate: US\$1=F\$1.78
- Inflation: 4.5% (2013 est.)
- Major Industries: Tourism, Sugar, Fisheries, Agriculture



Top 5 Products Traded Between USA & Fiji

U.S. Exports to Fiji [US\$55.6 million]

- Civilian Aircraft, engines, equipment & parts
- Medical, dental & pharmaceutical preparations
- Soybeans
- Telecommunications Equipment
- Toiletries & cosmetics

U.S. Imports from Fiji [US\$188.7 million]

- Fish
- Beverages
- Other (tobacco, waxes, non food oils, fatty acids, natural materials used in the preparation of medicines, dyes & perfumes)
- Lumber & Wood Products
- Nonmonetary gold



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Thank you

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