



BRIDGING THE DISTANCE

For nearly 30 years, Australia reported positive economic growth each year and has grown its GDP per capita to become the fifth largest in the world. Consolidating its status as a regional and even a global economic powerhouse, the vast country has surmounted its geographical disadvantage. Its distance from the world's major markets meant growth came most from domestic consumption, rather than foreign trade.

"We were so distant from the rest of the world, but we were able to develop our own economy from that," **Australia Industry Group (Ai Group) Chief Executive Innes Willox** explains.

In the last decade, as supply chains improved and business grew more globalized in the last decade, Australia adapted quickly by developing its services sector, which now accounts for most of its overall GDP, as well as strengthening its exports, particularly from mining. As of 2017, Australia sends out close to \$230 billion worth of goods annually.

According to the

Australian Trade & Investment Commission (AUSTRADE), last year the value of Australian exports of goods and services increased 17 percent following a two year decline. This was mainly driven by the higher prices of minerals and fuel, which account for more than 45 percent of total exports.

Buying almost 30 percent of exports, China has become the most important trading partner of Australia, a long-term supplier of natural resources and premium agricultural produce to the Chinese market and the rest of the Asia-Pacific. AUSTRADE predicts that

this year Australia's economic growth will be the highest among major advanced economies.

"Australia benefited enormously from China's economic boom and its huge demand for natural resources. That was one essential reason we avoided the global financial crisis," **Melbourne Business School Dean Ian Harper** says.

A strong advocate of globalization, Australia has free trade agreements with China, Japan and Korea. It also signed the Asia-Pacific Trade Agreement (APTA) with Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru,

Singapore and Vietnam earlier this year, and pursuing trade talks with the European Union.

"Australia is a trading nation. Our prosperity is built on opening access to new markets," says **Steven Ciobo**, a member of parliament and former minister of trade, tourism and investment.

In terms of revenue, some of Australia's industries are ranked among the largest in the world: mining and fuels (3rd), international tourism (10th) and agricultural products (12th). It also has the third-largest enrolment of foreign students and the sixth-largest investment

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fund in the world.

Yet, the international perception of Australia is still associated more with beaches, landscapes and wildlife than its economic prowess.

"Australians are historically quite modest. We are trying to change some of that and encourage our businesses to be braver and bolder. We would like our businesses to be born global. This country has been built and developed on foreign investment," **AUSTRALIA CEO Dr. Stephanie Fahey** says.

For Australia to sustain its continuous growth, all sectors agree that attracting foreign direct investment must be a priority.

"Australia welcomes foreign investments that are consistent with its national interest," Ciobo says.

While the United States and the United Kingdom remain the top sources of FDI, investments from South Korea, Hong Kong and mainland China have seen double digit growth in the last five years, a trend that does not appear to be slowing down, according to the Ministry of Foreign Affairs.

So, Australia's midterm and long-term economic growth is strongly connected to its neighboring Asian markets. By 2022, China and India alone are expected to represent almost a third of global GDP.

Leaving behind domestic consumption as an engine of growth and well-integrated with the fastest growing economies, Australia is perfectly positioned to become the world's next economic powerhouse. ■

LOCALLY TESTED, GLOBALLY APPROVED

As automotive manufacturing in Australia declined, many in the supply chain were forced to overhaul their business model and seek growth overseas. Among those most affected by this shift was **Australian Performance Vehicles (APV)**, an industrial testing services organization and a global OEM within the passive safety systems market supplying occupant restraints (seatbelts) for the automotive, bus, defense, truck and materials handling sectors.



APV Managing Director Harry Hickling

"It wasn't enough for us to provide capability but to offer something more than our competitors. A large part of our success was being able to help in solving problems that our clients didn't even know they had," **APV Managing Director Harry Hickling** says.

Only one of 12 such facilities in the world, APV Tech Centre or APV-T is the most advanced dynamic, static, crash, and environmental test facility in the Southern Hemisphere and a Tier-1 provider

of engineering and test services to many FTSE100, Fortune500, ASX200, and Nikkei225 companies.

Its success in the defense sector helped strengthen APV's international reputation. Working with leading military forces, APV showed that its military applications were "battle proven."

"We are very proud of our track record in keeping U.S. and Australian soldiers safe in Afghanistan with no loss of life from 15,000 military restraints. We are also proud to support the new generation of military vehicles in the United States," Hickling says.

Although determined to expand abroad, particularly in Europe, APV still regards the U.S. market as an important part of its global strategy.

"You may not have heard about who APV is, but the United States is a strategic market for us. We are focused on supporting the transport, bus and coach and defense companies there," Hickling says. ■ www.apvcorporation.com



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Investing in the future

While its distance to key markets like the United States and Europe stood as a disadvantage for a long time, Australia has defied expectations by strengthening its network in the fast-growing Asian-Pacific region. With its highly developed infrastructure and young population, particularly in its major cities like Sydney and Melbourne, the country has attracted a lot of foreign investment and built strong trade relationships across the globe.

The development of megaprojects, such as World Trade Center Sydney and a new airport complex in Western Sydney, hopes to further facilitate trade and foreign investment by enhancing the city's connectivity to the rest of the world.

"There is a lifetime of investment opportunities created in the various components of this mixed-use development. With Aerotropolis Group as the developer, foreign direct investment partners will be part of shaping this city as they create significant economic and employment activity near Australia's new gateway airport," **Aerotropolis Group CEO and Managing Director Jomon Varghese** says.

For its part, the New South Wales Department of Industry has taken a more expansive approach to industrial development in its effort to attract more business.

"Sydney is a world class

location. There are already 600 multinationals located here. We also offer connectivity between business programs, support startups, SMEs, a well-connected education and research industry. That really drives a whole-of-industry approach to industry development," **NSW Department of Industry Executive Director Kylie Bell** says.

For many years, Australia invested heavily into its education system while aggressively recruiting the brightest foreign students from around the world. This has not only built a strong skill-based workforce but, just as importantly, has established a very strong research culture, which has devoted its efforts to solving some of the world's most complex issues.

Melbourne, in the state of Victoria, has developed a reputation as a hotbed of innovation. Many of the city's most innovative companies have become success stories in health care, life sciences, fintech and even in transportation and defense. APV Safety Systems, just of the many SMEs, is an example of an Australian company whose pioneering technology has saved many lives around the world.

"We've got lots of ideas and more patents per capita than many other countries. But for various reasons, we find it difficult to commercialize these ventures," **Melbourne Business**



Monash University's Caulfield Campus in Melbourne, Australia

School Dean Ian Harper says.

While the wide gap between research and industry stands as a huge challenge to surmount, the robustness of the two fields also represents the key to the sustainable growth of Melbourne and, by extension, Australia.

"This is the biggest opportunity facing Melbourne Business

School and also its greatest challenge. We are part of the country's number one ranked research university. We are part of the fastest growing knowledge economy in the country. Melbourne has a bit of a comparative advantage in making these things work

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Aerotropolis Group, an Airport Metropolitan City Planning and Development Company, is in the process of establishing the World Trade Center Sydney (WTC SYDNEY), an ecosystem that augments International Trade and attracts International Businesses to Sydney. WTC Sydney is an AUD 8 Bn Mixed Use City, with four WTC Towers, international convention and exhibition centres, commercial area for large multinational companies, innovation and incubation centre for start ups, retail and residential components.

As assessed by PwC in its Economic Impact Assessment, once fully developed, this Mixed Use City will create 141,400 total annual jobs and \$59 Bn total annual Economic Contribution towards GRP of NSW. WTC SYDNEY will facilitate the local Primary Producers and manufacturers to find new market by linking it with 320 existing WTCs in 90 Countries. It can also augment the creation of a new era of Innovation and Knowledge based Industries and Businesses in Artificial Intelligence, Robotics, Advanced Manufacturing, Aviation, Aerospace, Defence, Internet of Things, IT, Data Mining, Bio Technology, Health Care, Logistics, Consulting, Finance, Legal, etc. A Start-Up Business Incubator will present an opportunity to foster these businesses.

Aerotropolis Group proposes that WTC Sydney will allow for the seamless flow of demand from 322 International Cities to Sydney, and increase the export potential of NSW. The development has many international reference points due to the success of existing World Trade Centers around the world. This will present an attractive arena for International investors to achieve excellent Return of Investment.



Jomon Varghese
Managing Director/CEO
Aerotropolis Group & WTC SYDNEY

wtcsydney.com.au

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Investing in the future

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to catalyze the knowledge economy," Harper says.

In the same city, another leading institution is rethinking its approach to education as part of its continuous contribution to narrow the gap between research and industry.

"In recent years, the Monash MBA program has reimagined what business leaders want from an MBA program. So, we designed and launched new programs fit for the 21st century," says **Monash Business School MBA Programs Director Prof. Patrick Butler**.

"The Monash MBA focuses on next-generation challenges including AI, sustainability and governance. We take on consulting projects in the com-

mercialization of technology, new venture start-ups and international business," Butler adds.

"Our Global Executive MBA students study at leading business schools internationally and undertake projects in advanced manufacturing, life sciences and digital transformation for Australian businesses. Our economy really needs these ambitious, tech-savvy executives with a global mindset," he also says.

The next frontier

Although regarded as an advanced economy, some of Australia's regions present untapped investment opportunities similar to those of developing nations. Comprising one-fifth

of the country's territory, the Northern Territory (NT) accounts for only one percent of the total population.

NT's abundant reserves of minerals, natural gas and petroleum have powered the region's export sector and attracted massive investments from the United States, Europe and Japan. It has also put forward agriculture, aerospace and defense as its favorable investment sectors.

"We are the only developing economy, within a developed nation, in a tropical region, on the planet," **NT Department of Trade, Business and Innovation Chief Executive Michael Tennant** says.

The NT wants to position itself as a gateway to and from Asia. Its capital Darwin, also Australia's

northernmost city, is geographically closer to Indonesia than it is to Sydney.

Aside from its expanding seaport, Darwin is expanding its international airport, building a much-needed cold storage facility and adding routes to major Asian cities. The infrastructure projects are laying the groundwork for NT's economic takeoff.

In the field of science, the Menzies School of Health Research is making a name for itself around the world as a leading research institute in tropical diseases and indigenous health.

"We are on the doorstep of the fastest growing area in the planet with the fastest growing middle class. The opportunities for trade and investment here are limitless," Tennant says. ■

I invite you to the Territory, Australia. Our capital, Darwin, is the regional hub for Australia's international engagement in the Indo-Pacific region, making the Territory best-positioned for the mounting of national security, military and humanitarian operations in Australia's north.

Our stable government prides itself on a close relationship with industry, that is rarely experienced in larger jurisdictions and provides significant advantage to businesses that set up early. With a \$20 billion in defence infrastructure investment planned for the Territory over the next 20 years, we invite you to be part of our growing economy. If you're not in the Territory, you should be.



Contact defencent@nt.gov.au or visit www.nt.gov.au/defenceNT

The Honourable Michael Gunner MLA,
Chief Minister of the Territory, Australia

