

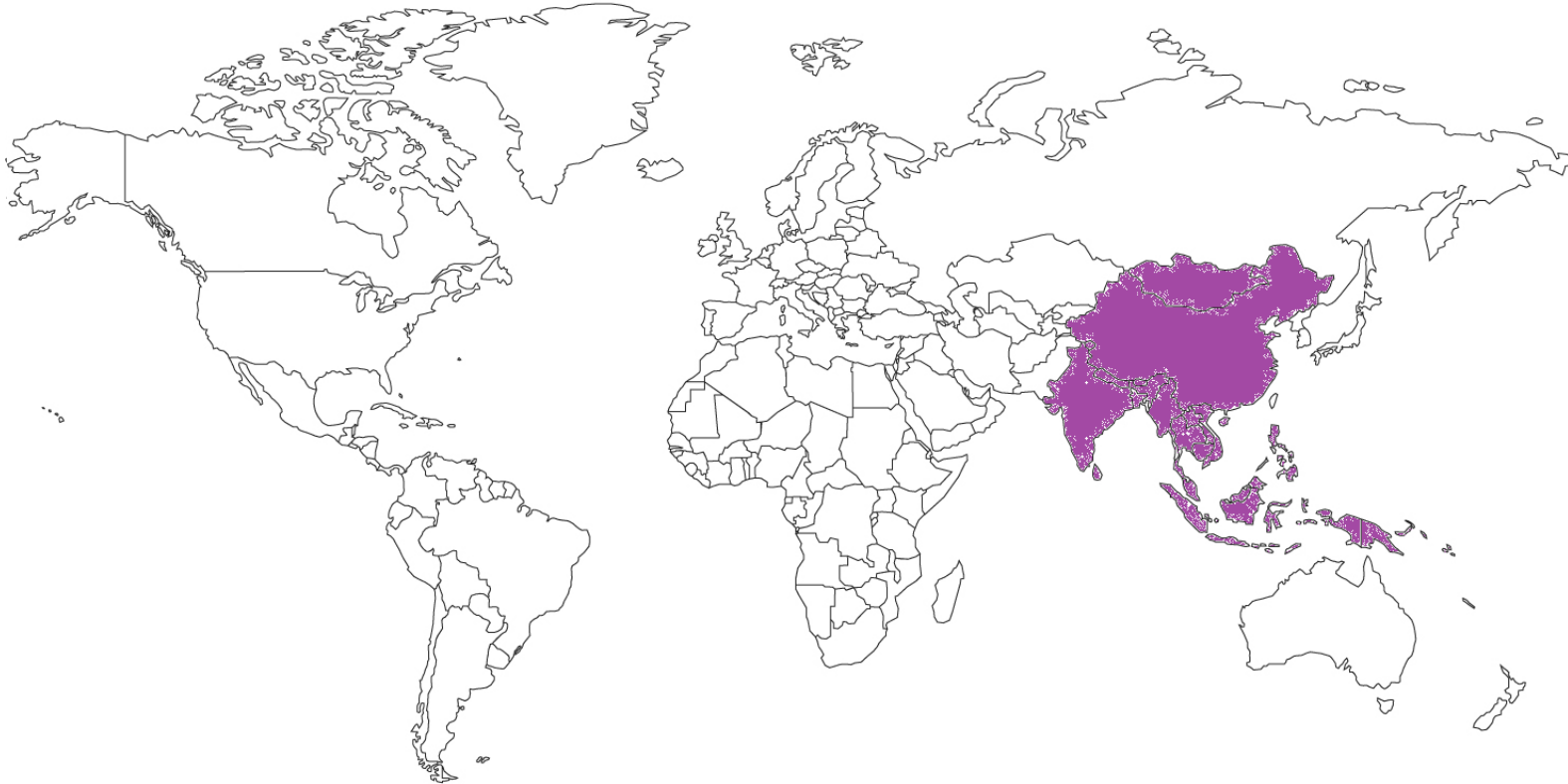
**CEDA 2020: Economic and Political Overview**  
*Trade Outlook*



## Global Growth story

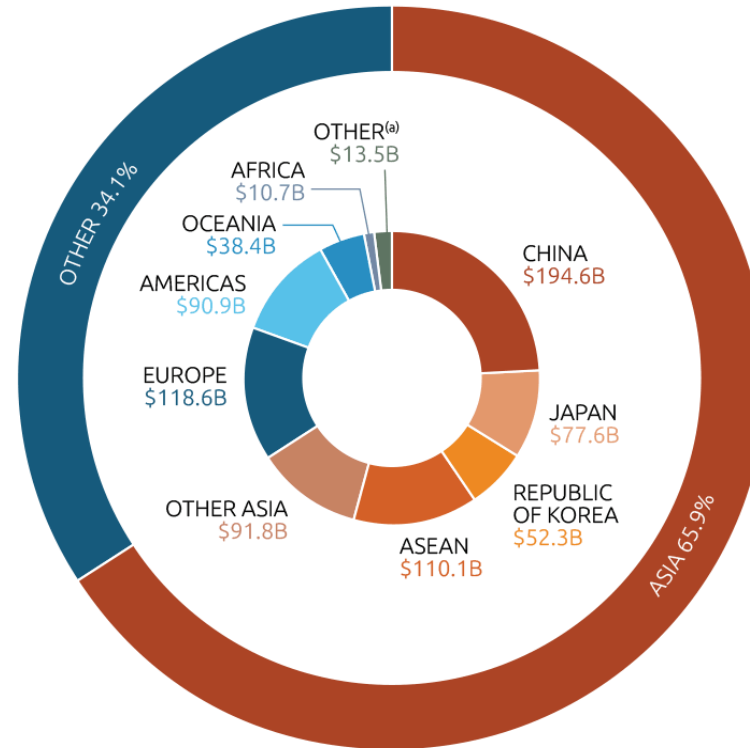
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# Asia economic update



Emerging and developing Asia: 5.8

# State of Australian trade



Australia's two-way trade by Region  
(2017-2018)

# Phase One



- Surprisingly one-sided
- Chapter 6 'Expanding trade' - increase in US imports by ~92 per cent over two years
- Focus on: manufactured goods, agriculture goods, energy products and specific services
- Specifically, in the area of commodities, countries such as Brazil, Russia, Canada and Australia are likely to lose out



## Activating Asia

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# Activating Asia for small and medium enterprises

- Australian businesses are aware of the opportunities that Asia presents
- However, they aren't always able to convert these opportunities to business outcomes
- Businesses need to deliberately embed their ambitions for Asia into their strategic planning processes

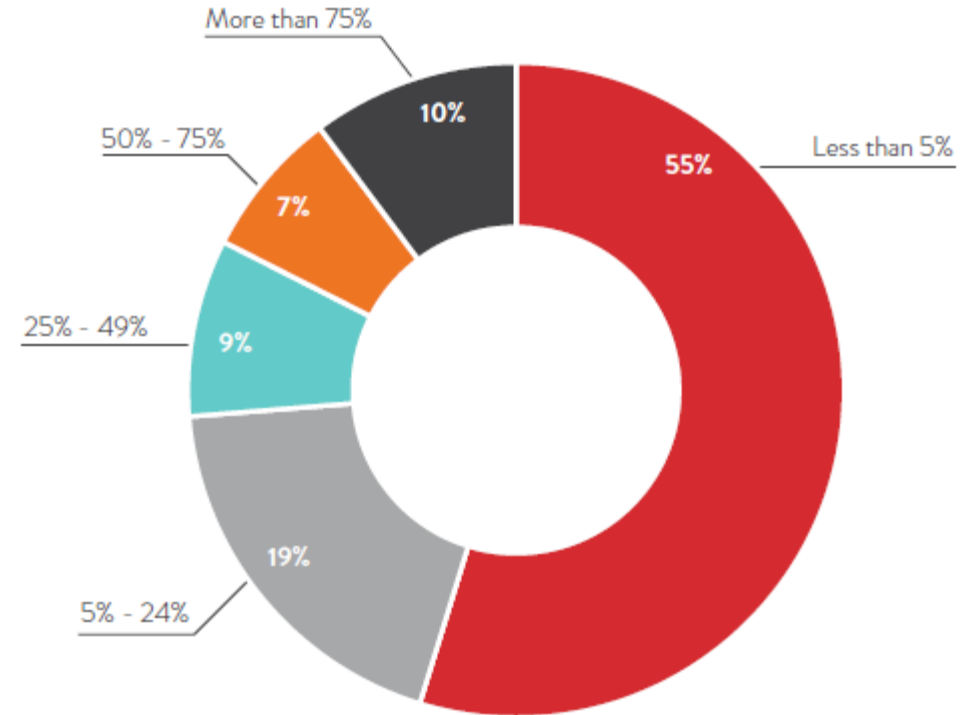


FIGURE | Annual revenue drawn from Asian markets (% of respondents)

# Success in Asia: what we have learnt

Asia needs to be a core part of business strategies

3.5

SMEs realise between three and four times the revenue uplift from Asian markets when Asia is a core part of the business strategy

Individual Asia capabilities matter

5

SMEs realise five times the revenue from Asian markets when hiring staff with Asia capabilities

Products and services need to be customised to Asian preferences

7.8

Almost eight times the revenue from Asian markets when SMEs have a tailored product/service offering and marketing

You need to be on the ground

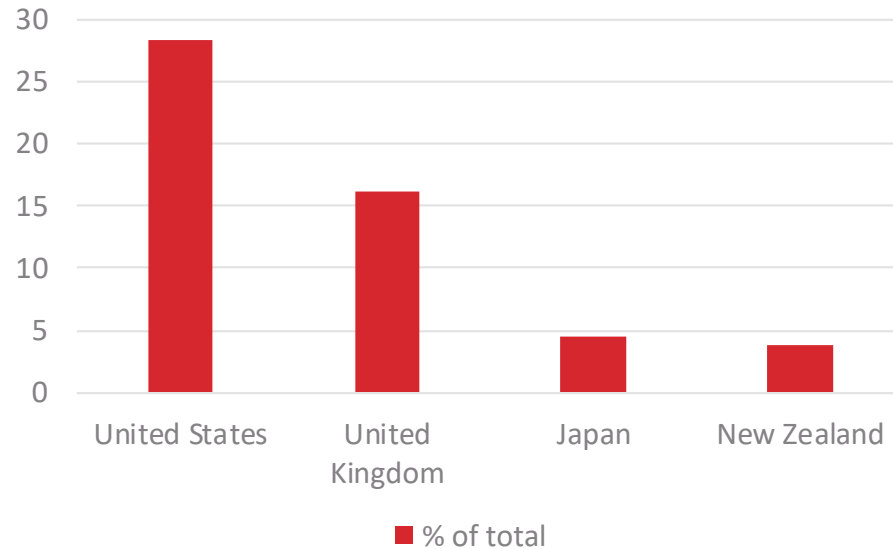
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Twice as many businesses who undertake in-country visits earn more than five per cent of revenues from Asian markets



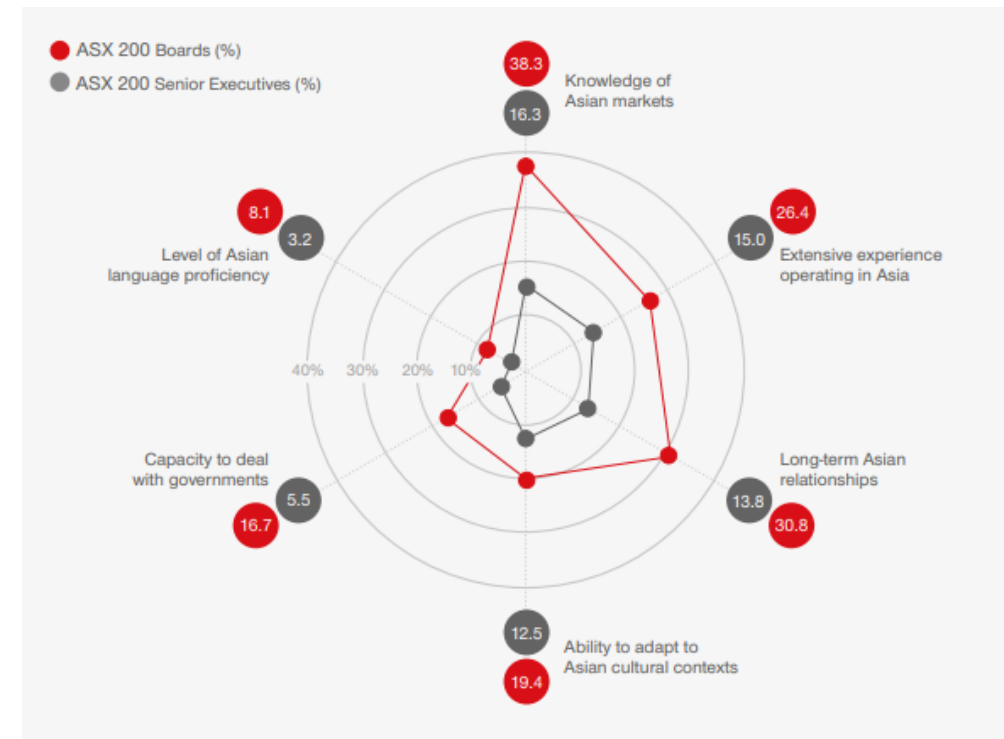
# Australian investment in the region is low

Only a small proportion of Australian companies are investing in Asia, with investment in the USA, UK and NZ accounting for 48%



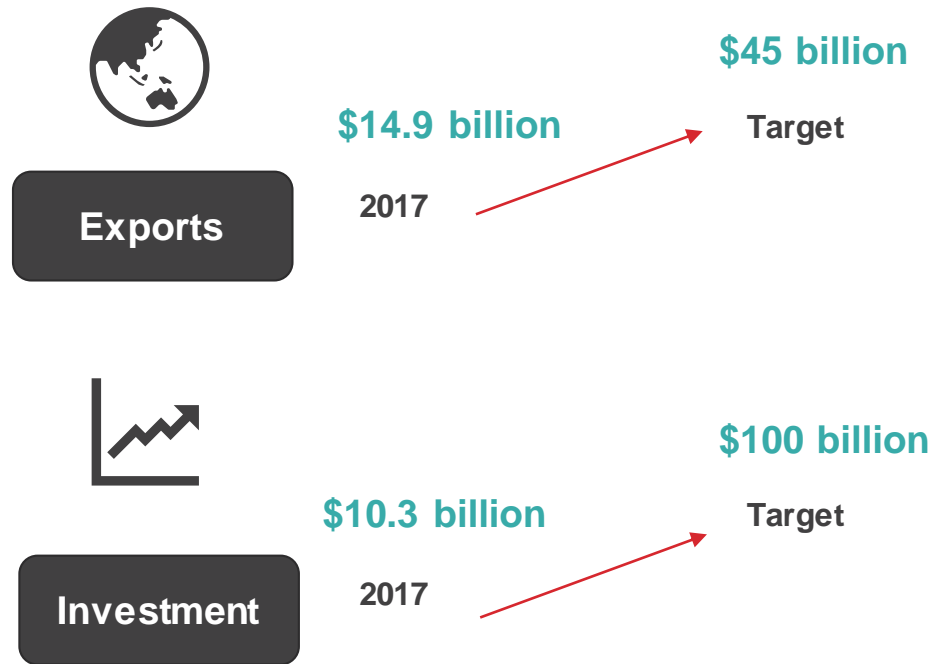
Source: DFAT, International Investment Australia, 2018

The level of Asia capability among the leadership of ASX 200 companies today is alarmingly low



# India – Not the next China but the “first India”

In order to truly realise our economic potential with India, a shift in mindset is required



India has arrived – it is the world’s fastest-growing large economy



A state-based approach is the key - India as a singular idea is overwhelming



Revisit stereotypes in strategy – low cost does not mean low quality

# Business model innovation



- Frugal innovation in healthcare
- What if low cost does not mean low quality?
- Opportunities for Australian exporters
- Opportunities to co-create new solutions
- Opportunities to commercialise research at scale

# Pathways to strengthen Asia capabilities

Strategies to secure Australia's business future





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