

ASIA TASKFORCE FINAL REPORT  
APRIL 2021

# A SECOND CHANCE

How Team Australia can succeed in Asia



Asia Taskforce is an initiative of



Knowledge partners



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# FOREWORD



**Hon Dan Tehan MP**

Minister for Trade,  
Tourism and Investment

Australia's engagement with Asia has grown steadily in size and sophistication. We have worked to become a trusted strategic and economic partner in the region, and to create opportunities for our businesses to expand into dynamic and diverse markets. This report by the Business Council of Australia and Asia Society Asia Taskforce is an important and timely reminder that there is more work to do to build and strengthen our relationships throughout the region.

Importantly, the Asia Taskforce does more than make the argument that businesses should expand into diverse markets across Asia. It advocates a Team Australia approach, and identifies practical, specific actions that business and governments can take to strengthen the presence of Australia, and our businesses, in Asia. For business, the report offers practical guidance, including case studies of what successful companies do well, and examples of country-sector strategies.

The significant economic shock caused by COVID-19 has challenged governments, industries and businesses in all countries to reconsider their trade and investment settings.

**The need for business to look to Asia has never been greater. Capturing new and diverse market opportunities in Asia will be a key part of Australia's economic recovery.**

The Australian Government has an important role to play in this effort:

- Advocating internationally and within the region for open rules-based trade and investment, including in APEC, the World Trade Organization and the G20.
- Expanding access to diverse Asian markets through strategic relationships and trade agreements.
- Engaging with Australian business to help them navigate market disruptions in the region, including via market intelligence from the Government's diplomatic network.

Transparent and open rules-based trade underpins the ability of Australian business to expand their export markets in response to changing market dynamics and risks. The Government will take a proactive, principled and patient approach when advocating for stable and open global markets. The success of Australian business and the prosperity of our economy depends on it.

Expanding and better using Australia's network of 15 free trade agreements (FTA) with 26 economies will secure new openings for Australian businesses to expand into Asia. Entry into force of the Regional Comprehensive Economic Partnership Agreement and an upgrade to our existing FTA with ASEAN Member States and New Zealand will complement the commencement of the Comprehensive and Progressive Agreement for a Trans-Pacific Partnership and the Indonesia-Australia Comprehensive Economic Partnership Agreement.

Strengthening our strategic relationships with economic partners in the Indo-Pacific, and recent upgrades to our partnerships with India, Vietnam, Indonesia, Malaysia, the Philippines and Singapore, aim to open new doors for Australian business.

I encourage all Australian businesses to view our overseas diplomatic network as your resource, as you look to navigate markets in Asia and understand market risks and opportunities.

I extend my congratulations and appreciation to the Asia Taskforce for the release of *A Second Chance: How Team Australia can succeed in Asia*. I look forward to continuing the Team Australia partnership between government, business and academia as we grow the success of Australia's businesses in Asia.

# INTRODUCTION AND CALL FOR ACTION



## **Australian business once again stands at a crossroads.**

Not since the 1970s have we witnessed a major re-alignment in how we trade and invest in the world. Back then we lost our imperial trading partner, the United Kingdom, when it turned to Europe. We faced a stark choice. We could look inwards and continue down the low-growth path of protectionism and autarky. Or we could strengthen Australia's international competitiveness to look outwards and embrace the dynamic, emerging though still developing, economies of Asia.

Australia made the right choice. We opened up and re-oriented our trading relationships to Asia's emerging middle classes. This contributed to nearly three decades of uninterrupted growth, prosperity and job creation. In many ways we were ahead of our traditional Western partners. We took risks, including significant structural adjustments to trade-exposed industries at home, resulting in enhanced productivity and a globally competitive economy.

This is to the credit of the businesses which led the way engaging with Asia, and to the successive Hawke-Keating-Howard governments which supported integration through far-sighted foreign, trade and investment policies.

But the Asia of today is not the Asia of four decades ago. It has transformed with unprecedented income growth, the rapid take-up of new technologies, the growth in services and the digital economy, new business practices, consumer preferences and habits.

## **We now face a much more complex environment - both in Asia, and in a global competition for access to Asia and its markets and consumers.**

In recent years we have watched Asia's inexorable rise and transformation, wondering what it might mean for Australia and the West in 10 years' time or more. But slowly we have slipped behind, re-adjusting at the margins and thinking about competitiveness as tomorrow's challenge. We have stood back and admired the problem.

The disruption of COVID-19 brings forward stark choices. Protectionist policies that seemed unthinkable a year ago are creeping back. Popular support for the open economy cannot be taken for granted. Retreating to old familiar relationships in Western markets, falling behind in Asia literacy and failing to build connections with new Asian business partners should not be seen as a serious default choice when consumption in Asia will likely fuel future global growth.

The alternative path is to tap into these diverse Asian markets on the ground rather than just with exports, combined with tax, workplace and regulatory reforms at home. It is the path of higher productivity, income growth, quality jobs and rising living standards.

Getting there is not easy with more complexities than we faced in the 1980s. It demands that we listen more to our Asian partners and become more attuned to how we are perceived compared with our competitors. Getting to know our region and shifting our attitudes to it is possible and can lead to long-term profitability, as illustrated by the case studies in this report.

## **There is plenty of room in Asia for Australia, but Asia is not waiting for us.**

Asia, with the Peoples Republic of China (China) at the forefront, remains the economic powerhouse of the world. But the opportunity to both diversify and grow our trade and investment in Asia is significant. There is plenty of room in Asia for Australia, but Asia is not waiting for us.

The rationale for greater economic engagement with Asia has not dissipated with the pandemic and geopolitical tensions surrounding China's rise. In fact, both economic and geostrategic forces are pushing Australia even closer to our Asian neighbours.

## S2: INTRODUCTION & CALL FOR ACTION

Diversification for Australia though does not mean China or, it must be China and. So, learning to navigate a more complex relationship with China is imperative and efforts to ensure both countries engage constructively must be a priority.

Australia is exceptionally well positioned – economically, strategically and geographically - to expand trade and investment partnerships, increase our economic competitiveness through openness and build and grow new businesses and supply chains connecting us to the region. Today, exports make up 29% of Australia’s GDP. We believe that we should have a national goal to increase that to 35% by the end of the decade.

While Australia has navigated the pandemic relatively well in contrast to our global peers, we have not yet seen its full economic impact. The priority now must be the return to growth and creation of jobs. It is hard to envisage this being achieved solely through a domestic focus. Even before COVID-19, the need to write the next economic chapter for Australia was evident and it is hard to see how accelerated and diversified trade with Asia is not the cornerstone.

However, we need to understand our region and play to our competitive strengths; improve our Asia literacy and make better use of our rich Asian and Australian diaspora talent; adjust our policies to remove barriers and encourage innovation and risk-taking; remain an open economy and bring our business and government resources and talent together in a national “Team Australia” approach to developing new markets and opportunities.

While this is the Final Report of the Taskforce, we will continue to advocate for trade and investment in Asia and be champions for positive change. Among the new initiatives outlined in this report, the Asia Business Action Group (ABAG) will carry out the mission of the Taskforce and bring together leaders and experts in the priority sectors and countries in Asia to continue to advise government and business.

We want to thank the Taskforce Leadership and Steering Group and the many sub-committee members and contributors, all with deep Asia expertise, for their tireless and outstanding contributions to this work. Each member has committed to this project for no other reward than a hope, that, as a country, we will develop a wider range of sustainable trade and investment pathways to Asia.

We would also like to acknowledge the support that the Taskforce has received from the Australian Government, particularly Senator The Honourable Simon Birmingham who helped launch the Taskforce, and The Honourable Daniel Tehan MP who has supported and taken great interest in our work since he became the Minister for Trade, Tourism and Investment. We would also like to thank the Department of Foreign Affairs and Trade and the Australian Trade and Investment Commission which have provided considerable support and input to the Taskforce’s efforts.

We hope that the Taskforce has successfully demonstrated that Australia has never had a better ‘hand’ to play in Asia, we now need to play it with bold and intelligent moves. And while Governments and our academic community have a vital role to play in support, it is business that must step forward and focus on growth in Asia.

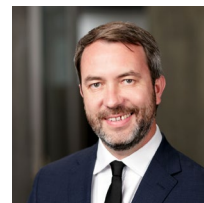
We also hope that future generations of Australians will look at this moment as the point at which Australia secured another three decades of economic growth, rather than the moment when we stood back and let Asia pass us by.



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Taskforce Chairman;  
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# EXECUTIVE SUMMARY



In October 2019, the Business Council of Australia and Asia Society Australia with PwC and the University of Sydney Business School as knowledge partners, formed an Asia Taskforce (the Taskforce) to examine how Australian companies can increase their presence and position in Asia to ensure our continued prosperity and deliver progress for future generations.

As the Taskforce was being established, we did not foresee COVID-19, but it is now clear that the pandemic has had a profound impact on Australia's economy and the region that we live in. While the Australian and the global economies were already slowing before the beginning of 2020, it seems clear that we are headed for a period of economic growth below our long-term trend. Finding new sources of growth will be critical and Asia presents an attractive option.

In 1980, Asia accounted for just 20% of world economic output although it was home to more than half of the world's population. Today, the region accounts for 40% of global GDP and it is likely to exceed 50% in the coming decade.

The International Monetary Fund has forecast that the global economy will contract by 3.5% in 2020 and while Asian economies are expected to return their worst performances in 60 years, the region is still likely to fare better than most developed economies.

Economic growth has brought with it shifts in relative economic and strategic power. These relative shifts are likely to continue, and COVID-19 may even accelerate them as the major economies in Europe and North America fall into recession. China seems likely to emerge from 2020 as one of only two Group of 20 major economies to avoid negative growth.

There have been several excellent studies on the economic opportunities that Asia presents. Our hope is that these are well understood. The Taskforce has conducted more than 100 interviews with senior business and policy leaders. We have been focussed on practical ways for Australian companies of all sizes to build sustainable and successful businesses in Asia.

Weak institutions and invisible influence networks make the challenges for Australian companies numerous, complex, and often interrelated.

The operating environment is not straight-forward, and the opportunities are not risk-free. But then growth is never a risk-free proposition.

The Taskforce's aim was to provide a set of enduring ideas and recommendations to guide Australian thinking about how to approach the opportunities and risks of growing in Asia. The Taskforce has made twenty-four recommendations for business, the academic community and government. The recommendations, contained in Section 6, call for a target of boosting exports to 35% of GDP by 2030 (up from 29% in 2019). To achieve that target, the Taskforce is recommending that Australia should:

1. Adopt a "Team Australia" approach to developing new opportunities
2. Play to our strengths by adopting country-sector strategies
3. Learn to navigate a more complex relationship with China
4. Reboot Asia literacy by building on and nurturing past successes
5. Champion the talent in our Asian-Australian and diaspora communities

“Generations that come after us will be disappointed in those companies that haven't sought to at least do something in Asia, because companies from other places will do it or indeed the Asian companies themselves will, and the opportunity will be lost”

### David Gonski AC

Source: Australian Institute of Company Directors, April 2016

The Taskforce has mapped out some practical advice for businesses and recommendations for government in a series of eight supplementary discussion papers referenced below.

What successful companies do well is a blueprint for market entry planning in Asia. We have identified eight actions that successful companies consistently take well and provided some best practice case studies. There are no guarantees of success, but experience makes it clear that strategies and business models tailored to the regulations and laws of mature markets do not translate well in most Asian markets.

Success will also require businesses to work closely with government agencies to develop a deep understanding of our neighbourhood – its cultures, politics, societies and economies. As Asialink Business pointed out in its July 2020 report Winning in Asia, Australian businesses must invest far more in developing Asia capabilities at the board and senior executive levels. Asia is different and for many, it is uncomfortably so. We need to get to know our neighbours much better.

Managing Bribery and Corruption outlines the practical strategies that companies can adopt to manage a risk that many find too challenging to tackle.

Enabling Australia's Asian-Australian and Diaspora Communities and Reimagining Australia's Asia Engagement Capability contain a series of insights and recommendations that must be key elements of any plan to make full use of one of Australia's greatest assets – our exceptional talent.

The idea of Team Australia outlined in our Interim Report will be central to any success. Team Australia requires a new partnership between Australian businesses, governments and our academic community to develop new business opportunities in our region. This national approach has served our competitors well in securing major investment and other commercial opportunities in Asia. A similar Australian approach would give some businesses more confidence to invest in Asia.

The Team Australia approach has guided the completion of four discussion papers – Taking Australia's healthcare innovation advantage to Indonesia, Investing in Indonesian Healthcare, The Right Product Sold the Right Way (focused on Japan and financial services) and Australian Universities, International Students and China – that have been designed to illustrate a way of thinking about the opportunity.

As we outlined in our Interim Report, the industries and countries selected were not intended to be exhaustive.

We decided not to focus on China or India. China is already our largest export market and Peter Varghese AO led the development of an in-depth [India Economic Strategy to 2035](#) which is a comprehensive guide for Australian businesses.

The four discussion papers were selected to serve as case studies of sectoral opportunities and collaboration strategies. In addition, Asia Society Australia and the Australian APEC Study Centre have published a report titled [A Path to Viet Nam](#) and the Australia-Korea Business Council has published a discussion paper titled [Mapping the Australia-Korea Hydrogen Intersections](#) in partnership with the Taskforce. These each outline high-potential opportunities and sectors in these countries ripe for individual or collaborative approaches by Australian businesses. We encourage other industry groups and business associations to follow these geographic and sectoral examples of pooling resources and expertise to identify broad opportunities.

While April 2021 will mark the completion of our original work plan, it will not be the end of the Taskforce's mission. **The Taskforce, through the Asia Business Action Group**, intends to play a leading role in the implementation of these ideas and recommendations.



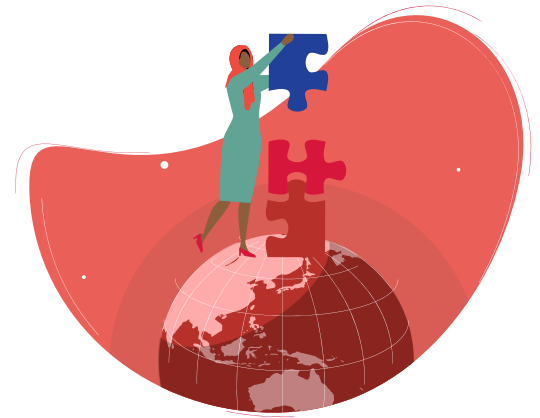
### The Taskforce had three objectives:

- 1 Scope the barriers (what's holding us back) and provide practical recommendations on how Australia can build trade and investment in Asia.
- 2 Prepare practical insights into how Australian businesses can play and win in Asia and identify the pre-conditions for success; and
- 3 Develop a set of recommendations for business and government that will improve Australia's chances of success in Asia.

The Interim Report focussed on the third objective - the recommendations that we believed were the most urgent in Australia's COVID-19 recovery planning. The first and second objectives are addressed by the series of separate discussion papers that have been referenced above and further summarised in this Final Report.



# A WORK IN PROGRESS



Since the release of the Taskforce's Interim Report in July 2020, Australia has successfully managed the second wave of the pandemic and maintained a remarkable economic resilience. However, the on-going global public health pressures and economic disruptions induced by COVID-19 and the continuing deterioration of the Australia-China relationship present significant challenges to Australian companies seeking to enter and grow in international markets, particularly in Asia. They also underscore the need for trade diversification.

The Interim Report was overwhelmingly well received by all levels of Australian Government and the business community. It triggered an active debate about Australia's business capabilities, culture and perceptions of Asia, and government policy and education settings required for Australia to successfully compete in the region.

Since the release of that report the Taskforce continued its research and advocacy. We deepened and expanded the 24 recommendations of the Interim Report in eight in-depth discussion papers, developed by leading Australian experts and practitioners:

1. *Reimagining Australia's Asia Engagement Capability*
2. *Managing Bribery and Corruption*
3. *The Right Product Sold The Right Way*
4. *What Successful Companies Do Well*
5. *Taking Australia's Healthcare Innovation Advantage to Indonesia*
6. *Investing in Indonesian Healthcare*
7. *Australian Universities, International Students and China*
8. *Enabling Australia's Asian-Australian and Diaspora Communities*

The papers have informed ***The Roadmap for Success*** detailed in the next section.

## Among the significant new initiatives are:

1. The Australia-Singapore Digital Economy Agreement (DEA) was signed and came into force. The Agreement is considered a gold standard in digital trade rules-setting and opens significant opportunities for Australian businesses to build digital connectivity with the region.
2. In November 2020, Australia and 14 other countries signed the Regional Comprehensive Economic Partnership (RCEP). RCEP is a regional free trade agreement that will complement and build upon Australia's existing free trade agreements with other Indo-Pacific countries. The members make up 29% of world GDP and 30% of the world's population. The other 14 RCEP countries include nine of Australia's top 15 trading partners and account for 58% of Australia's total two-way trade, and 67% of our exports.
3. The Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) entered into force on July 5, 2020, enabling 99 per cent of Australian goods (by value) to enter Indonesia duty-free or under preferential arrangements.

4. As a part of an IA-CEPA plan of action, Australia and Indonesia committed to a Blueprint for Deepening Australia's Trade and Investment with Indonesia in February 2020 during President Joko Widodo's state visit. It will be released in the first half of 2021 and will provide business with practical and strategic guidance on trading and investing. It is a joint effort between the Australian government and business, and an example of a Team Australia approach.
5. Separately, the Department of Foreign Affairs and Trade (DFAT) is developing a Viet Nam Enhanced Economic Engagement Strategy.
6. The Australian Government is working with industry to implement a Services Exports Action Plan. It is Australia's first national strategy to boost exports across services, and complements existing export strategies for education and tourism.
7. Asia Society Australia and the Australian APEC Studies Center have released a new report *A Path to Viet Nam: Opportunities and Market Insights for Australian Business*, one of the first recent major studies of Australia-Viet Nam business connectivity, supporting the government's objective of enhanced relations.
8. DFAT has published annual *Market Insights* for more than 70 countries to share market intelligence with business.
9. Asialink Business has published a major report *Winning in Asia: Creating long-term value examining misconceptions about the challenges of doing business in Asia and offering the latest, evidence-based insights on successful Australian companies in Asia and their success factors*.
10. The Australian Parliament has passed legislation to reform the Export Market Development Grants scheme which assists Australian exporters with funding for marketing and promotional activities in international markets. The new legislation reduces the red tape within the scheme and transitions the program from reimbursement to a grant model.
11. Australian Government has established the whole-of-government Global Business and Talent Attraction Taskforce led by a senior business leader, Peter Verwer AO, as the Prime Minister's Special Envoy for Global Business and Talent Attraction. The Taskforce will coordinate whole-of-Australia efforts to attract high value global businesses and exceptional talent in the priority sectors of advanced manufacturing, financial services (including fintech) and health.
12. Separately, a group of prominent Australian business leaders are in the final stages of releasing a major report on the competitiveness of Australia as a base for regional financial services and fintech companies and the settings needed to improve our competitive position vis-à-vis other global and regional financial hubs.
13. Export Finance Australia is consulting international counterparts on how their programs can be adapted to build a suitable financial offering for the Australian market. In June 2020, the Board approved the agency's new Export Guarantee Scheme. The scheme will help the agency reach more SME exporters through commercial banks and other non-bank lenders. It is subject to regulatory approval.
14. Australia and the other parties to the ASEAN-Australia-New Zealand FTA (AANZFTA) are working on an upgrade of this agreement to ensure it remains fit for purpose and maximises its contribution to regional economic recovery.

There are many other projects and policy initiatives around Australia that boost our business engagement in Asia, and much to celebrate. However, we see an absence of one single, regularly updated source of data and insights (including success stories) on Australia's economic connectivity with Asia as a major impediment to achieving sustained and measurable progress in our economic engagement with Asia. That is why we recommend the establishment of the **Asia Business Action Group** and the development of an **Australia-Asia Economic Connectivity Dashboard**, which we explore in detail further in Section 5.

# THE ROADMAP FOR SUCCESS



The Taskforce’s aim was to provide a set of enduring ideas and recommendations that guide Australian thinking about how to approach the opportunities and risks of growing in Asia. It has made 24 recommendations for business, the academic community and government. The key recommendations contained in Section 6 are discussed in further detail below under five key actions. The Taskforce believes that implementation of these actions will considerably enhance Australia’s chances of success in Asia.

## To achieve our goals, Australia should:



Adopt a “Team Australia” approach



Play to our strengths



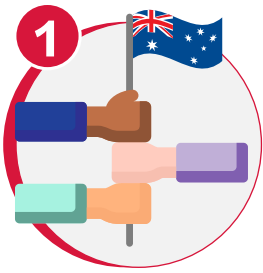
Learn to navigate a more complex China



Reboot Asia literacy



Champion our rich Asia talent



## Adopt a “Team Australia” approach

Diversification of our economic interests in a more economically competitive Asia requires a greater collaboration and shared leadership of Australian business, government and academia and a sharp focus on measuring outcomes. The idea of Team Australia outlined in our Interim Report will be central to this. This requires a new partnership between Australian businesses, governments and our academic community to develop emerging business opportunities in our region. This national approach has served countries like Singapore and Japan well in securing major investment and other commercial opportunities in Asia. We believe this can be achieved in Australia through the following actions:

- Establishment of a national Asia Business Action Group to guide Team Australia efforts in Asia
- Development of the single data reporting dashboard to measure our economic connectivity with the region
- Creative and targeted promotion of success factors and stories of Australian companies in Asia, including through university business schools, industry bodies, bilateral business councils and Austrade

Taken together these initiatives are the important first enablers of the Team Australia strategy.

They will serve to provide leadership, accountability and measure progress and outcomes towards the key national goal proposed by the Taskforce of increasing our exports to 35% (up from 29% in 2019) of GDP by 2030.

More information sharing amongst businesses and government agencies under the Team Australia approach should help some businesses better achieve the benchmarks set out in the discussion paper *What Successful Companies Do Well*.

### Asia Business Action Group

With the publication of this report, the work of the Taskforce only just begins. To continue and elevate its efforts, we recommend the establishment of an Asia Business Action Group (ABAG) that should comprise senior business leaders tasked with championing trade and investment growth in Asia and providing high-level advice to the Australian government and business community, including on the implementation of the recommendations made by the Taskforce.

The ABAG’s primary purpose should be to identify priority opportunities to develop trade and investment in Asia and advise on strategies to pursue these opportunities through close coordination between business, government and academia.

The ABAG will also:

- Advise on and coordinate high-impact business missions to Asia
- Act as a business leadership group and role model for the Team Australia approach and champion implementation of the Taskforce’s recommendations
- Provide advice to Australian governments, specifically to Austrade (*as per the Interim Report’s Recommendation 1.2*)
- Engage and support other important organisations and networks in the Australia-Asia business eco-system

We recommend the ABAG have an independent chair and comprise of senior leaders with broad executive experience in Asia with the ability to drive the execution of the recommendations made by the Taskforce. ABAG should work closely with the Australian Trade and Investment Commission and the Department of Foreign Affairs and Trade in this respect.

We look forward to working with the Australian Government on next steps and towards the establishment of the ABAG.

## Economic Connectivity Dashboard

The Australia-Asia Economic Connectivity Dashboard will measure and report on Australia's economic connectivity with Asia across the areas of trade, investment and mobility (tourism, education mobility and migration). The Dashboard will be developed and managed by Asia Society Australia in partnership and close coordination with the ABAG and the Australian Government.

### Rationale

1. **Data:** There is no single updatable and consistent data source on Australia- Asia connectivity in Australia
2. **Long-term view:** The Dashboard will be a long-term reporting and data tool, allowing to track trends over time
3. **Advocacy and public service:** The Dashboard will serve as a powerful advocacy and information tool for the ABAG and all stakeholders in the Australia-Asia economic space and the broader community (including educators)

### Process and output

Subject to further refinement of methodology and scope, the Dashboard will initially collect and present to the public the data on the following indicators of Australia-Asia economic connectivity:

- Two-way trade between Australia and Asia, with a focus on exports in goods and services

- Exports expressed as a percentage of GDP
- Export diversity (top 5 exports as a percentage of total exports)
- Inbound and outbound investment – both direct and portfolio, which will be measured separately
- Mobility (inbound and outbound student mobility, inbound and outbound tourism and migration from Asia to Australia)

Other indicators may be added as the project evolves. Data will be updated annually or bi-annually, depending on the schedule and availability of data sources (e.g. ABS, DFAT). The Dashboard will present these indicators in a user-friendly, visual online format which will allow users to compare data between countries, indicators and years.

### Learning from the best

Asia is different and for many businesses, it is uncomfortably so. What successful companies do well is a blueprint for market entry planning in Asia. There are common patterns and approaches that successful Australian companies adopted for their Asia strategies. We have identified them in the Special Supplement to the Asia Taskforce Interim Report [What successful companies do well: Case study of Australian businesses in Asia](#). There are no guarantees of success and one-size-fits-all models, but the experience of the companies we studied shows that strategies and business models tailored to the regulations and laws of mature markets do not translate well in most Asian markets.

### The eight success factors are:

1. Developing a long-term vision
2. Deciding on where, when and how to compete
3. Understanding local business practices
4. Managing relationships: knowing who and how
5. Managing alliance and capabilities
6. Maintaining reputation and image
7. Empowering people close to the market
8. Establishing and maintaining the right governance model

As well as following these eight factors, successful companies have adopted different approaches to entering markets depending on their risk appetite and the investment needed. Where possible, lower upfront investment while relationships and market knowledge are developed will minimise the risk and reduce expectations for rapid returns. We have identified four entry models: Agent/distributor, Joint Ventures, Direct and Acquisition.

Check the Taskforce's Special Supplement [What successful companies do well](#) for practical first steps on designing and executing Asia strategies.

It draws on case studies of successful Australian businesses in Asia - Cochlear, ANZ, ResMed, Bluescope Steel, Treasury Wine Estates, Bubs, Lendlease, Seek and Blackmores.

We have also concluded that a comprehensive risk management approach is an important component of any market entry strategy and Asia is no exception. Research by the Taskforce into successful and unsuccessful entries into Asian markets shows six important areas of risk: political, legal and regulatory; competition; market dynamics; capabilities and infrastructure; relationships; and country specific knowledge.



## Next steps

- Work with the Australian Government on the establishment of the ABAG.
- Finalise the methodology and business plan for the Dashboard, and seek government and private funding to develop it, with a view to launch the Dashboard in 2021.
- Use the content of the Taskforce's special supplement *"What successful companies do well"* to design an education and mentorship program for Australian business seeking to enter Asia.



## Play to our strengths

Australia will have the best chance to succeed in Asia if we know our capabilities and comparative advantages well and identify markets and sectors where we are most likely to get ahead. Playing to our strengths will become increasingly important in a more competitive Asia.

To do so, we recommend developing practical strategies to enter the high-potential markets in Asia, use our vast network of free trade agreements to enhance our participation in Asia's value chains, and resume and grow mobility with the region.

### Country-sector Strategies

In the [Interim Report](#) we recommended developing and executing country-sector strategies where Australia has a comparative or competitive advantage. These strategies will be enhanced by implementation through a Team Australia model, similar in intent to the Japan and Singapore models where industries and businesses align with government objectives, use the strengths of their countries' diplomatic networks and finance their plans through coordinated activities of the commercial banks and export credit agencies.

We have identified the following two countries and sectors ready for the development and execution of such Team Australia strategies and illustrated this with case studies:

- Indonesia and healthcare
- Japan and financial services

Indonesia was chosen as an emerging economy because of its proximity and its large, growing middle class that remains for the most part unknown to Australian business. Healthcare is an example of how the Indonesian government is responding to this emerging middle class in ways that are opening up sophisticated new business opportunities.

At the lower income end it needs to improve the efficiency of service delivery to speed up the rollout of a promised national healthcare system. But at the higher income end, healthcare users are demanding better services to avoid having to travel abroad for treatment and the government wants to retain this high income spending at home to help underpin overall improvements in the system.

We also selected Japan to demonstrate the opportunity to broaden our economic relationship with a longstanding and very familiar trading partner in the resources sector, which is now an advanced, mature economy. This case study demonstrates how Asia contains a diverse and evolving spectrum of economic development levels and should not be seen through a static or single lens by Australian businesses. In Japan's case, a slower growing economy still throws up opportunities to service a growing population of retirees and future retirees with new financial services.

Check the Taskforce's Discussion Papers: [Taking Australia's healthcare innovation to Indonesia](#) along with [Investing in Indonesian Healthcare](#), and on Japan [The Right Product Sold The Right Way](#), for details of the proposed country-sector strategies and our thinking about the Team Australia approach to their execution.

The markets that we have chosen to focus on present greenfield opportunities for Australian businesses to grow in Asia. As we outlined in our Interim Report, the industries and countries selected were not intended to be exhaustive, but rather serve as examples to illustrate the opportunities and what a Team Australia approach can do. We also see Korea and Viet Nam presenting significant new opportunities to Australian business and we have outlined new efforts in these markets in this Final Report.

India is the world's 5th largest economy and it is second largest in population terms. Like Indonesia, India remains relatively unknown to Australian businesses, but there was little we could add to the work that Peter Varghese AO led in 2018 on the [India Economic Strategy to 2035](#). China is already our largest export market. Consequently, we felt that Australian businesses were already familiar with the opportunity that China presented. While we have not focussed on China and India, this should not be interpreted as diminishing the opportunity that those countries, or indeed any of the other markets in the region, present for Australian businesses.

The Japan relationship also underlines the value of gradually building longstanding people to people ties in the broader business community in other countries. The Australia Japan Business Cooperation Committee's partnership with the Japan Australia Business Cooperation Committee has been in place for more than 50 years.



## CASE STUDY HEALTHCARE IN INDONESIA



### The context

The Indonesian economy has achieved consistent economic growth over the last two decades, delivering better social and economic outcomes for its large and ever-expanding population of around 270 million people.

The IA-CEPA opens up new pathways for Australian business in healthcare. The Taskforce Discussion Paper on [opportunities for Australian business in Indonesian healthcare](#) outlines several areas where Australia's competitive advantage can contribute to Indonesia's growing healthcare demands.



### The opportunities

Australia has long been a leader in the global healthcare market, and is recognised for its world-class healthcare system, its high quality healthcare education and training capabilities, and for its leading role in the research and development of medical devices and technology. Australian companies should be well positioned to capitalise on the growing opportunities in the sector, while assisting Indonesia to develop its healthcare capacity. The following areas have been identified as ones where there is good alignment between Australia's comparative advantages and Indonesia's needs:

1. Development or expansion of hospitals and other healthcare facilities
2. Provision of specialised health services/facilities to treat non-communicable diseases
3. Assistance with aged care facilities and treatment
4. Medical technology
5. Digital health
6. Building Indonesia's healthcare workforce through training and exchange programs



### The strategy

The Taskforce Discussion Paper [Taking Australia's healthcare innovation advantage to Indonesia](#) draws attention to Australia's healthcare innovation precincts and how the Australian Government can leverage precinct capabilities in healthcare technology, medical services, healthcare and pharmaceutical infrastructure to support Indonesia's health-related challenges.

Through a case study focussed on Monash Technology Precinct, we argue that medtech and pharmaceutical innovation precincts form a ready-made cluster that are open to commercial partnerships and have access into international markets.

They are existing models that demonstrate Australia's advantage in innovation, talent development, industry linkages and international partnerships to deliver improved healthcare and market growth. If adequately supported with three export development enablers – insights, outreach and brokering – precincts can provide affordable healthcare to citizens, create jobs - and better-skilled jobs - and contribute to export industries.



These actions will also encourage the expansion of service delivery and research partnerships that further generate new innovative growth pathways for Australia into growing markets like Indonesia and the broader Indo-Pacific region.

Australia's healthcare innovation precincts are locations where research and business converge to create commercial and export ready products. They form a ready-made cluster open to commercial partnerships and access into Indonesia.

Three enablers are needed so that an effective supply-demand value-chain can be crafted that ultimately results in the transfer of knowledge, technology and capability between nations. These enablers will improve the connectivity between the two countries and, beyond sharing knowledge, will ultimately allow for businesses to trade in areas of importance to both nations.

### **Enabler 1: Insights**

- Improve knowledge and understanding of commercial opportunities in Indonesia's healthcare
- Increase branding and promotion of Australia's relevant healthcare innovation capabilities
- Focus support on network creation and relationship development with Indonesian partners

- Work with Indonesian governments at the national and sub-national levels, as well as private sector hospital and medical centres and university research centres to help develop a prioritisation framework for their skills and technology needs. Undertake a market feasibility study that identifies Indonesia's market requirements, opportunities, barriers, gaps and best practices
- Develop and implement a program of market insights and business networking targeting innovation precincts
- Build the supply-demand relationships between the relevant organisations

### **Enabler 2: Increase branding and promotion of Australia's relevant healthcare innovation capabilities**

- Identify opportunities at Indonesia's national and sub-national levels to promote medtech and pharmaceuticals capability, services and education.
- These could include vocational and tertiary education in allied health; engineering; ICT; design; quality control; scientific assessment & evaluation; business administration and management; and entrepreneurship
- Research training in medical research and life sciences
- Provision of diagnostic, medical and clinical services to Indonesian patients, both on-shore, off-shore and telemedicine

### **Enabler 3: Focus support on network creation and relationship development with Indonesian partners**

- Establish links and strengthen ties in Indonesian markets, including identifying potential private sector, multinational, philanthropic or multilateral investments
- Connect with Indonesia's industry bodies to develop an understanding of market requirements and how to effectively leverage existing networks and potential partners
- Establish commercial and sector relationships through trade activities, facilitating collaboration and partnership and building government-to-government relationships
- Map and leverage influential alumni and existing networks in Indonesia, including research collaboration networks



## CASE STUDY FINANCIAL SERVICES IN JAPAN



### The context

Japan boasts a highly successful financial services industry, buoyed by its historical economic rise. Its economy remains the third largest with GDP of US\$5 trillion or more than three times Australia. The Japanese Yen remains the third most internationally used currency for foreign exchange trade after the US dollar and the Euro. Australia also possesses a sophisticated financial services industry that is well regarded as extremely stable. Australia's success in financial services is underpinned by a mandated retirement savings scheme and bolstered by the continued strength of its investment funds sector.

The Taskforce Discussion Paper The Right Product Sold The Right Way provides a starting point for Australian financial services businesses to define the opportunities in Japan and, perhaps most importantly, illustrate how organisations can navigate the inevitable risks by bringing the Team Australia approach into their strategy.

The opportunities in Japan extend beyond financial services to areas such as social and economic infrastructure, residential construction, smart cities and new energy.



### The opportunities

Off the back of Australia's large and successful superannuation-based retirement savings system we have developed a large and mature domestically owned and operated funds management sector. This sector services the investment needs of superannuation via acting as a third-party provider or via the manufacturing of in-house capabilities within super funds. There are some very obvious opportunities for Australia in exporting this capability to Japan via either the establishment of locally based offices, or the establishment of partnerships via distribution agreements or formal joint ventures.

Institutional distribution in Japan is arguably more profitable for fund managers. There is a bifurcation of attractive institutional capabilities for Japanese portfolio constructors between low cost passive allocation and active investment in real assets. The macroeconomic environment continues to be the crucial determinant of successful product offerings by foreign fund managers. Most notably, the longevity of the Japanese population has led to the popularity of long duration products with a reliable yield, particularly from infrastructure projects.

The Australian Financial Services industry has been evolving rapidly over the past 20 years. Arguably it is ahead of where Japan is evolving to with the Australian shift from being predominately agency/adviser intermediated in the 1990s to the contemporary structure of heavily vertically integrated manufacturing/distribution models which are commission-free with a focus on client-driven advice. The products we have developed as a result should therefore be more likely to be attractive to Japan as it too moves in this direction.



### The strategy

- 1. The right product, sold the right way:** The first step to success for Australian fund managers in Japan is understanding what products will work for the Japanese institutional and retail markets and finding distribution partners who can access the client segment to sell these products.

### 2. Australian fund and asset manager skills:

Many Australian fund and asset managers have recognised skills and experience in the specialist asset classes becoming more sought after in Japan (for example, ESG, infrastructure, real estate, energy and healthcare). However, assembling the quality teams required for them to succeed is not straight-forward due to Japan's unique business culture and bifurcated recruitment market

### 3. The challenges of access to the market:

The Japanese competitor landscape is made up of several distribution powerhouses. While often lacking the innovative products now in demand (due to demographics, economic drivers, government policy changes etc.) they still maintain historical "ownership" of their keiretsu-affiliated investors, long-established "credibility" among culturally risk-adverse investors, as well as deep local knowledge and influence. Whether the new entrant chooses a local partnership, or to establish a distinctive market niche, their long-term commitment to investment in people and sustainable support (financial and governance) is the key to success.

### 4. Market entry strategies:

- Be clear on the customer group you are targeting
- Ensure the product is unique and specifically suited to Japan's investment needs, including the relevant risk profile
- Investigate and analyse whether to partner or not
- Establish a brand based for reliability of unique products
- Any decision to enter Japan must be based on long-term commitment
- Identify, attract and develop quality leadership, IP, operational staff and establish an appropriate cross-cultural business culture



## CASE STUDY

## THE NEXT FRONTIERS: REPUBLIC OF KOREA AND VIET NAM

### Republic of Korea

The Australia-Korea Business Council identifies new energy, health and biotechnology, defence and financial services as the next high-potential sectors for bilateral economic collaboration.

**Hydrogen:** Australia has long been central to Korea's energy security through the supply of gas and coal exports. Home to the world's leading battery manufacturers, Korea will continue to ramp up its production capacity to meet domestic and global demand.

This will require more critical minerals, which Australian exporters are well placed to capitalise on given our abundant supply. The Korean Government's Hydrogen Economy Roadmap elevates hydrogen energy as a major pillar of its energy policy to power cars, trucks, trains and homes. As Australia develops its domestic hydrogen production, Korea's commitment to this exciting new technology will help us build an export industry valued in the billions (refer to the AKBC Discussion Paper [Mapping the Australia-Korea Hydrogen Intersections](#)).

**Health and biotechnology:** Given its strong and effective response to the pandemic, Korea's health and biotechnology sector has drawn global plaudits. With close to 100 companies coming together in an exercise of collaborative innovation, Korea was among the first countries to develop COVID-19 testing kits – a critical tool to fight the pandemic. This collaborative spirit underpins the Korean Government's Bio-Health Industry Innovation Strategy which creates partnership opportunities for Australian companies in research, drug discovery and commercialisation.

**Defence:** Building upon our proud history as one of the first responders to the Korean War, our two nation's defence ties are set to further strengthen with Korea's growing participation in the development of Australia's sovereign defence industry capability. Hanwha Defence Australia, which was recently awarded LAND 8116 (the Self-Propelled Howitzer program), is one of two companies shortlisted for Land 400 Phase 3 – Land Combat Vehicle System (Infantry Fighting Vehicle). This \$18.1-\$27.1 billion dollar program is the Australian Army's largest ever acquisition program and has the potential to cement Australian-Korean defence relations.

**Financial services:** Australia's superannuation system is the envy of the world. This is especially true amid COVID-19, where this vast savings pool allows us to urgently deploy capital to revitalise the economy. There is no shortage of opportunity for Australian fund managers looking to partner with Korean pension funds and insurance companies as we embark on an infrastructure-led economic recovery. As the Korean Government tackles corporate pension reforms – necessitated by a rapidly ageing population and the lowest birth rate amongst OECD countries – it has consistently looked to the Australian model.

### Viet Nam

Viet Nam presents another significant economic opportunity for Australian businesses. The new report [A Path to Viet Nam: Opportunities and Market Insights for Australian Business](#) by Asia Society Australia and The Australian APEC Study Centre at RMIT University, released in December 2020, is the first recent comprehensive study of the scope and potential of the Australia-Viet Nam business relationship.

Viet Nam is a perfect economic partner for Australia, as both nations have complementary economic systems and seek diversification of their trading partnerships, amidst a weakening global economy and geopolitical tensions.

The countries have elevated their government-to-government relationship to the highest level creating a favourable environment for businesses in both nations to engage and generate commercial outcomes.

Viet Nam has a unique and fast-paced market and a vastly different political system requiring businesses to have comprehensive, long-term and tailored entry strategies, based on local knowledge, competitive advantage and due diligence.

Significant opportunities for Australian businesses exist in agriculture (beef, grains, cotton, horticulture); processed food; services including education, health, environment, ICT, mining equipment and technology; and Industry 4.0.

Australian businesses can leverage a thriving bilateral ecosystem of relationships to support their efforts in Viet Nam.



### Next steps

- Finalise the country-sector strategies as a priority for the ABAG agenda and in partnership with the Australian Government prepare the execution plans in 2021.
- Link the ABAG agenda with the Australian Government's Indonesia and Viet Nam economic strategies .



## Learn to navigate a more complex China

China continues to be the single largest global economic opportunity for Australia. The country takes more exports than Australia's eight largest other markets, excluding Japan which is number two. Over the past decade, 70% of the increase in our exports has come from China alone.

The Australian Government's 2017 Foreign Policy White Paper presented a base case scenario showing China's economy adding more new purchasing power than the US, Japan, India and Indonesia combined in the period to 2030. For many businesses China will remain the single largest business opportunity, but the risks of doing business with and in China have increased dramatically.

Australia's relationship with China has deteriorated in 2020 and is in the worst state it has been in the 50 years since diplomatic relationships were re-established in 1972. China has applied or hinted at punitive trade measures against several Australian industries. Formal or informal trade barriers have been imposed on farm products including barley, wine, beef, seafood, timber, cotton and sugar. There have been less specific warnings about services exports such as education and tourism.

The value of goods exports which are subject to these punitive trade measures in 2020 alone is close to \$20 billion. A further \$28 billion in services (education and tourism) have been affected by the COVID-19-induced travel restrictions (not linked to China's trade measures towards Australia).

We are not alone in navigating a difficult relationship with China. From Viet Nam to South Korea, the great trading nations of Asia have had to negotiate complex relationships with China for centuries. We have much to learn from their experiences.

We need to be principled in that we will continue to live and uphold the values of the rule of law, human rights and civility to other nations. And we need to be realist in that our sovereignty and security comes first and is shaped by our unique geography and strategic circumstances. Navigating our relationship with China requires strategic patience, avoiding overreaction and emotion, maintaining long-established personal networks, and continuing to be prepared to cooperate on issues that benefit both countries.

While Australia cannot back down on principles, we also have no choice but to maintain the relationship with China. Our democratic values are often fundamentally at odds with China's and this affects the relationship on a range of fronts from Asia's security architecture to human rights. Structural political, values and strategic differences with China will remain for the foreseeable future. But ultimately China will remain a large trading partner and a major influence on the regional and global issues that matter most to Australia. The challenge is to craft a cohesive, national interests-based approach, bringing together our business, education, Commonwealth and State government and community stakeholders and balancing economic, national security and social considerations.

Diversification of Australia's trade partnerships must now be a key priority. But diversification for Australia must mean China *and* rather than China *or*. So learning to navigate a more complex relationship with China is imperative and efforts to ensure both countries engage constructively must be a priority.

Education is a case in point. There are many opportunities for diversification after high dependence on Chinese students and concerns about a decline in their numbers. But there continues to be a strong demand for overseas study in China and delivering that education can still be a point of mutual interest in the bilateral relationship.

Australia's international education is our success story in Asia and the main interface of our engagement with the region. Despite the COVID-19 disruptions, it will remain a key part of Australia's multifaceted relationship with Asia, as well as a way to build Australia's knowledge of the region and project our soft power. But Australia's international education sector faces challenges from the pandemic which forced closure of international borders, international competition, and changes to domestic education and foreign policy settings related to international education and research amidst the deterioration of the relationship with China. Chief among these challenges is how Australia can maintain its position as a key global destination for Chinese higher education students – by far the largest international student cohort in Australian universities.

Check the Taskforce's Discussion Paper [Australian Universities, International Students and China](#) for our approach to international students in Australia, and especially from China, as the largest cohort.

The Taskforce's [Australian Universities, International Students and China](#) Discussion Paper suggests the following strategy for this vital sector:

1. Diversify the international student composition
2. Sharpen the focus on the all-round quality (quality in, quality through and quality out) of the Chinese student cohort
3. Increase strategic partnerships with international institutions
4. Leverage alumni networks
5. Accentuate the place of intensive courses in the sector's international offerings

Recommendations for the Australian Government:

1. Sponsor combined government, business and education trade missions to target countries
2. Expand special programs to support intensive inbound student study visits
3. Host sector-wide events for international alumni
4. Actively encourage employers to provide in-program placement opportunities and on-shore post-study work opportunities for new international graduates
5. Sponsor offshore initiatives to assist new graduates to secure quality jobs in their home country



### Next step

- As a part of the Asia Business Action Group, to establish a group of international education leaders to provide ongoing advice to the ABAG, Australian governments and university community on international education policies and strategies, with a focus on Asia.



## Reboot Asia literacy

The Taskforce believes that structural but practical and achievable adjustments need to be made to our national Asia capability policies. It is wrong to conclude that the previous attempts to develop Australia's Asia literacy failed. They have all made incremental changes on which newer sets of policies and programs have been built. The only failure was in our inability to achieve a national scale and impact effectively and quickly – perhaps an overambitious task from the start.

Asia is different and for many, it is uncomfortably so. Experience tells us that success will require businesses to work closely with government agencies to develop a deeper understanding of our neighbourhood – its cultures, politics, societies and economies. If we don't, companies are destined to make the same mistakes as others before them and the outcomes will inevitably be the same.

Check the Taskforce's Discussion Paper [Reimagining Australia's Asia Engagement Capability](#) and also [Managing Bribery and Corruption: A framework for Australian businesses](#) for our thinking on policies and programs to enhance Asia engagement and risk management competencies in Australia.

In its July 2020 report [Winning in Asia](#), Asialink Business found that more than 90% of ASX200 directors did not meet the competency requirements to be considered "Asia-capable". It is clear as a starting point that Australian businesses must invest far more in developing Asia capabilities at the board and senior executive levels.

The other dimension of Australia's Asia literacy debate and policy-development is its fragmentation and the lack of collaboration between educational institutions, government, non-profit organisations and business. There is also an absence of clear advocacy by the very top of Australian political and business leadership of the importance of Asia competencies to our prosperity.

### Asia engagement capabilities

The Taskforce identified our overall Asian engagement competencies as a critical national asset that requires ongoing investment by business, government and universities. While recognising the efforts and achievements in bringing Asia literacy to the fore of national education policy and debates over past decades, it is clear that a new model is required for ensuring Australia's Asian engagement capabilities are fit for a more competitive external landscape and the challenges that lie ahead.

The Taskforce's Discussion Paper [Reimagining Australia's Asia Engagement Capability](#) proposes four critical interventions to be led by government and business to spotlight, secure, scale-up and strategise Australia's long-term Asia engagement capabilities:

#### Spotlight:

- Immediate action should be taken to spotlight and secure initiatives and models that have proven success in enhancing Australia's Asia engagement to ensure they are sustained through the challenge of COVID-19 and scaled-up as key elements in the strategy for recovery.
- Fund ongoing opportunities for teachers, especially in rural and remote schools to participate in BRIDGE "teacher-led" intercultural programs.
- Future-proof existing proven models of in-country learning with commitment to long term funding, and support for emerging blended and digital engagement models. This should include the New Colombo Plan for study and internships in Asia for outgoing Australian students, and the Australia Awards for incoming Asian emerging leaders to study in Australia.

### Secure:

- Recognise that today's Asia engagement capabilities include continuing commitment to traditional Asian language and cultural programs but also demand broader emphasis on the skills and capabilities required to navigate the complexities of our dynamic world. We must be able to build expertise and develop capabilities on multiple fronts.
- Business plays a critical role in highlighting the value and significance of deep Asian language and cultural studies expertise and should invest in building and maintaining Australia's Asia expertise by building stronger collaborations with Australia's Asia-focussed universities, institutions and research centres along the way.
- Develop and disseminate an Asia-ready predeparture training program for all Australian tertiary students that take up outbound scholarships to the region.

### Scale-up:

- Invest in targeted efforts to recognise, mobilise and showcase the wealth of Asia capability, talent and leadership potential that exists already, especially amongst Australians with Asian heritage.
- Identify and showcase models of success, to engage business in the leadership challenge of building Asia engagement capabilities at home

### Strategise:

- Establish a strategic national network to champion Australia's Asia engagement capabilities for long-term influence and impact.
- Support ongoing collaborative dialogue to share experiences, advocate change, and role model the skills and capabilities required for deeper, more effective, long term engagement in Asia. And young voices should be brought to the table.

Importantly, Asia literacy should be directly linked to business, education and employment outcomes for Australia. The New Colombo Plan is a vital Government program that supports this idea and one that requires greater business support.

### Risk Management Capabilities: Bribery and Corruption

In the course of our research, the overwhelming majority of Australian companies identified bribery and corruption as a significant risk and impediment to Australian business performance in Asia. In response, the Taskforce Discussion Paper [Managing Bribery and Corruption: A framework for Australian businesses](#) was developed to provide practical guidance to Australian businesses and the Australian Government on managing this category of risks.

Most importantly, the paper demonstrates that it is possible for Australian companies to reconcile value and values. However, doing so requires a keen eye and considerable skill.

### The key findings of the paper:

1. Bribery and corruption (B&C) is illegal in all markets in Asia and in Australia
2. Australian businesses can be highly successful in Asia with well-structured frameworks to manage B&C risks
3. B&C risk management must be an integral part of any market entry strategy with pre-market entry research and due diligence particularly important
4. Establish a comprehensive B&C risk management framework that evolves and is live in the business at all levels
5. Ensure Asian experience and B&C expertise is within reach through targeted hires and trusted advisors and consultants
6. Stakeholder mapping is critical to understand and manage vitally important in-market relationships
7. B&C must involve a whole of company approach from the Board cascaded down through the company and its business partners
8. Market-relevant training, delivered in local languages and reflecting in-market conditions significantly enhances B&C risk management
9. Monitoring, audits and transparent processes will ensure B&C issues are identified, escalated and managed appropriately
10. Australian Government agencies can do more to support Australian businesses to understand and deal with B&C issues





## Next steps

- Use the content of the Taskforce papers *Managing Bribery and Corruption: A framework for Australian businesses* and *What successful companies do well to design a learning module for a national education and mentorship program for Australian business seeking to enter Asia*.
- Establish a program of Asia Business Champions (led by the Business Council of Australia and Asia Society Australia), inspired by the successful model of Male Champions of Change program to promote the importance of Asia competencies nationally. As a part of the Asia Business Action Group, establish a group of Asia capable leaders and a knowledge hub on best practices and policies in developing Asia literacy. This would provide continuing advice to the Asia Business Action Group, Australian governments and education sector.



## Champion our rich Asia talent

The richness of Australia is not just in our minerals and resources, but the diversity and dynamism of our people. The Taskforce believes that Australia has a unique talent and leadership pool - Asian-Australian and diaspora communities - that is chronically under-engaged in our pursuit of greater economic engagement with the region.

The Taskforce Discussion Paper [A Forgotten Advantage: Enabling Australia's Asian-Australian and Diaspora Communities](#) proposes a suite of recommendations to business and government on how to engage more effectively and inclusively our Asian-Australian and diaspora communities and talent:

### Asian-Australian community

**Government:** The Australian Government should collaborate on criteria to require non-public sector employers and companies with 100 or more employees to define, collect, disclose and report data on cultural diversity.

### Professional and industry bodies:

Professional and industry bodies should elevate Asia capabilities to be a part of formal professional accreditation and development programs; develop leadership networks (similar to the Champions of Change for gender diversity) to share best practices, policies and experiences in cultural diversity.

**Business:** Businesses should develop talent management plans and adjust strategies, policies and procedures across all human capital areas (recruitment, retention, and promotion) to enable greater participation of Asian- Australians and Asian diaspora members in leadership of their organisations; collect, monitor and report data on progress of such plans and strategies; and involve boards and management in their implementation and communication.

Check the Taskforce’s Discussion Paper [A Forgotten Advantage: Enabling Australia’s Asian-Australian and Diaspora Communities](#) for our thinking on Asian-Australian and diaspora leadership, talent and contribution to Australia’s engagement with the region.

### Australian diaspora community

The paper also recommends the development of an Australia diaspora policy to develop a vision for a more connected global Australian community and recognise the important contribution they make while abroad and upon their return home with valuable new skills. The elements of such policy would be:

**Government:** The Australian Government should aim to be a global leader in diaspora engagement and empowerment.

**Empowerment:** The diaspora should be supported and empowered to contribute more substantially to the development of Australia.

**Better data:** Develop more accurate and comprehensive data on the size, location and demographic profile of our diaspora abroad and those who have returned home.

**Talent pool:** Business and government should co-invest and co-develop a national program to nurture the top 100 emerging Australian leaders with experience in Asia, to build a future leadership talent pool for our engagement with the region.

**Mentoring:** Establish a partnership and mentoring program to share Australian diaspora’s knowledge of Asia with leaders and professionals with no experience in Asian and international environments.

**Diaspora identity:** The Policy would replace the description expatriate for overseas based Australians with diaspora to foster greater affinity, identity and connection with Australia.

**Success stories:** The Policy should include active promotion of initiatives such as the Advance Awards by Advance.org and the launching of a national campaign showcasing success stories of the Australian diaspora and explaining why the country needs to better leverage it.

**Leadership:** An Australia Diaspora Council should be created and co-led by the Department of Foreign Affairs and Trade, Austrade, and Advance.org, with a membership comprising key industry and internationally and regionally-focus civil society bodies in Australia and abroad.

**New communities:** Connect with new diaspora communities overseas and support further research to better understand ongoing changes to Australian communities overseas.



### Next step

- As a part of the Asia Business Action Group to establish a group and knowledge hub of Asian-Australian and diaspora community leaders to provide ongoing advice to the ABAG, Australian governments and business community.

# RECOMMENDATIONS



Team Australia

To be successful in Asia, Australia needs a greater collaboration and shared leadership of Australian business, government and academia and a sharp focus on measuring outcomes. We need to tell our story well through a national brand. We should combine our capabilities in a unified and sustained push to achieve economic and social outcomes in the region. These outcomes should not only benefit Australia but help our neighbours achieve their development goals.



Play to our strength

Australia has led the world in its health response to COVID-19. This puts us in a strong position to leverage this success in Asia. We have continued as a reliable supplier of high-quality products and services in contrast to disruptions felt by our competitors. Our success also sends a credible message to future international students, highly skilled migrants and innovative Asian businesses looking to establish themselves abroad that Australia is one of the safest and highest quality places to live and work, with institutions and a business culture that puts people and health first.



Learn to navigate a more complex China

Australian business is adjusting to greater friction in the relationship with our largest trading partner. We are hardly alone. From Viet Nam to South Korea to Japan, the great trading nations of Asia have had to negotiate complex relationships with China for centuries. Navigating our relationship with China requires strategic patience, avoiding overreaction and panic, maintaining long-established personal networks, and continuing to focus on the positives.



Reboot Asia literacy
















Maintaining, growing and diversifying Australian businesses in our region requires a workforce that is literate in Asian languages and cultures. Traditional Asian language programs on offer in our higher education institutions are diminishing. If we are to embrace the trade opportunities offered by Australia's expanding network of trade agreements with Asian nations, we need to urgently reverse this trend.






















Champion our rich Asia talent

Australia's decades long immigration program and multicultural policies have given us an active, entrepreneurial Asian-Australian diaspora which makes up 12% of Australia's population. More than 70,000 scholarships and grants have been awarded under the New Colombo Plan for Australian students to study in Asia. Australia has a rich Australian diaspora with deep Asian experience. It is one of our greatest competitive advantages.











## S6: RECOMMENDATIONS

| Recommendations   | Team Australia  | Play to our strength  | Learn to navigate a more complex relationship with China                            | Reboot Asia literacy  | Champion our rich Asia talent   |
|---|---|---|---|---|---|
| <b>Priority 1</b>   |   |   |   |   |   |
| 1 Australia should set itself a target to increase exports as a percentage of GDP from the current level of 29% to 35% percent by 2030 backed up by a comprehensive set of strategies to achieve this goal. This should include commitments from larger businesses to bringing Australian SMEs into their supply chains as they grow offshore.  |    |    |  |    |    |
| 2 Business and government should establish a small agile national business advisory group that works with the Federal Government and Austrade on international trade and investment promotion and facilitation. The advisory group would provide 'hands-on' focussed business inputs to Austrade and to the delivery of joint activities in Australia and Asia.   |    |    |  |   |   |
| 3 The Federal Government should continue work on a new national brand. Australian businesses should use the brand wherever possible. Government should consider strategic partnerships with the major Australian businesses, regions and sectors closely associated with Australia's brand. They could include Qantas, the tourism, agriculture and education sectors, Sydney and Great Barrier Reef.   |  |   |   |   |   |
| 4 Australia should consider developing a model of government-business coordination for market entry, similar in intent to the Japan and Singapore models where businesses align with government objectives, utilise the strengths of their countries' diplomatic networks and finance their plans through coordinated activities of the commercial banks and export credit agencies.  |  |  |   |   |   |
| 5 The Federal Government should strengthen Austrade by enabling a more market-responsive outcomes focussed business model, strengthened digital capabilities, greater connections with businesses through appointments of staff with Asian business experience and seeking ongoing feedback from business on Austrade's performance and strategy. KPIs should be aligned with these objectives. Austrade could establish a panel of Asia experienced executives who can act as mentors to businesses looking to expand in Asia. |  |  |   |  |  |














S6: RECOMMENDATIONS

| Recommendations  | Team Australia  | Play to our strength  | Learn to navigate a more complex relationship with China                              | Reboot Asia literacy  | Champion our rich Asia talent   |
|--|---|---|---|---|---|
| <b>Priority 1</b>  |   |   |   |   |   |
| <p><b>6</b> The onshore and offshore service delivery model for Austrade must be able to support the different needs of various customer segments from SMEs through to larger businesses. Consideration should be given to providing highly skilled and business experienced ‘concierge’ services (with a focus on SMEs) going into high-potential markets in Asia, which combines information assistance, grants (through targeted Export Development Grants), finance (through Export Finance Australia) and a consulting service to qualified businesses to help accelerate market entry and/or growth.</p> |    |    |   |    |    |
| <p><b>7</b> The Federal Government should use the National Cabinet and the National Foundation for Australia-China Relations to seek a cohesive, national interests-based approach to the relationship with China which brings together and balances economic and national security considerations. There should be a strong business representation in this forum.</p>  |  |  |   |  |  |
| <p><b>8</b> The Federal Government, in collaboration with the BCA, Australian Industry Group and the bi-lateral business councils, should elevate and resource high level leadership forums modelled on the Australia-New Zealand Leadership Forum for priority markets including China, India and Indonesia as the premier bilateral track two policy and business forums. Each forum should be headed by a senior business leader.</p>   |  |  |  |   |  |
| <p><b>9</b> The Federal Government should consider establishing a role of National Talent Commissioner to coordinate government and business policies and programs to use more effectively Asia capable professionals in our Asian-Australian community, diaspora and international alumni networks in economic engagement with Asia.</p>  |  |  |   |   |  |
| <p><b>10</b> Business and government should adopt cultural diversity strategies and Asia-upskilling programs for their Boards and executive teams, using lessons and experiences in recent years in the promotion of gender diversity.</p>   |  |  |   |  |  |










**S6: RECOMMENDATIONS**

| Recommendations  | Team Australia  | Play to our strength  | Learn to navigate a more complex relationship with China                             | Reboot Asia literacy | Champion our rich Asia talent  |
|--|---|---|--|----------------------|--|
| <b>Priority 2</b>  |   |   |  |                      |  |
| <p><b>11</b> The Federal Government should accelerate the development, regulatory approval and implementation of “a single window” - a secure digital interface between government and industry to meet all international trade regulatory requirements, which will significantly improve the Australian international trade environment and integrated interaction between government and business.</p>   |    |    |  |                      |  |
| <p><b>12</b> Develop a model for regular, targeted, high-impact offshore trade and investment events and missions supported by digital and online campaigns in the priority Asian markets which bring together carefully pre-qualified businesses in strategic sectors and Federal and State government resources. These should be headed by a senior business leader with experience in the target country and supported by senior Federal Government officials. Outcomes should be measured.</p> |   |   |  |                      |  |
| <p><b>13</b> The models used to establish the National COVID-19 Coordination Commission and the Freight Co-ordinator-General should become a normal part of our approach to solving identified problems or barriers. The Freight Co-ordinator General role could be extended, for example, to address longer term concerns about freight capacity/cost and the logistics networks needed to support our food and agricultural industries.</p>  |  |  |  |                      |  |
| <p><b>14</b> A senior business executive should be appointed to lead the development of plans to build approaches to new markets (eg: Indonesia) for industries where Australia has comparative or competitive advantage (eg: healthcare) working in tandem with the Australian Government.</p>  |  |  |  |                      |  |

**S6: RECOMMENDATIONS**













| Recommendations   | Team Australia  | Play to our strength  | Learn to navigate a more complex relationship with China                              | Reboot Asia literacy  | Champion our rich Asia talent   |
|---|---|---|---|---|---|
| <b>Priority 2</b>   |   |   |   |   |   |
| <p><b>15</b> Business and the Federal Government must work together to organise a high-level trade mission to China, as soon as international travel restrictions are lifted.</p>   |    |    |    |   |    |
| <p><b>16</b> Business and government should work together to elevate the role of the Asian-Australian community, diaspora and international alumni networks in advancing Australia’s economic and soft-power objectives.</p>  |    |    |   |    |    |
| <p><b>17</b> Business and government should pursue more robust and regular engagement on national security issues (particularly, critical infrastructure, foreign interference, cybersecurity and economic coercion). Business should invest in board and executive capabilities in geopolitical risk, cybersecurity, foreign interference and economic coercion; maintain regular dialogue – including through major industry bodies and think-tanks with the national security community; and undertake specialised training. National security agencies should operationalise regular outreach to business community, invest in their business and economic capabilities, including through establishment of senior business outreach roles and active business liaison offices in state capitals.</p> |  |  |  |  |  |

## S6: RECOMMENDATIONS

| Recommendations  | Team Australia  | Play to our strength  | Learn to navigate a more complex relationship with China                            | Reboot Asia literacy | Champion our rich Asia talent |
|--|---|---|---|----------------------|-------------------------------|
| <b>Priority 3</b>  |   |   |   |                      |                               |
| <p><b>18</b> The Federal Government should expedite the implementation of recently introduced changes to Australia’s foreign investment review framework, to speed up approvals, so that Australia’s profile as one of the world’s most attractive investment destinations is maintained. A national brand roll-out should be used as an opportunity to promote Australia as an attractive investment destination.</p>   |    |    |  |                      |                               |
| <p><b>19</b> Export Finance Australia, working in tandem with commercial banks, should continue to seek opportunities to enhance its role in assisting businesses, especially SMEs, to reach global markets. Australia could draw on examples from successful programs in other jurisdictions.</p>   |    |    |   |                      |                               |
| <p><b>20</b> Business benefits from the global rules-based trading system which underpins our free trade agreements. The Federal Government should continue to build on our multilateral, regional and bilateral free trade agenda, including pursuing reform of the World Trade Organization, expanding our trade agreement network and upgrading existing bilateral FTAs. It should work toward entry into force of the Regional Comprehensive Economic Partnership and expanding membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.</p> |  |  |   |                      |                               |
| <p><b>21</b> The Federal Government should continue to work in partnership with like-minded nations, lead the global and regional agenda on digital trade standards and governance, drawing on the early success of the Australia-Singapore Digital Economy Agreement.</p>   |  |  |   |                      |                               |



**S6: RECOMMENDATIONS**

| Recommendations  | Team Australia  | Play to our strength  | Learn to navigate a more complex relationship with China                              | Reboot Asia literacy  | Champion our rich Asia talent   |
|--|---|---|---|---|---|
| <b>Priority 3</b>  |   |   |   |   |   |
| <p><b>22</b> The Australian Government should continue to support the New Colombo Plan (NCP). Business should commit to providing 30 internships to returning NCP scholars each year and increase connectivity with the NCP alumni network. The Australia Awards which provide scholarships and short courses to emerging leaders from developing countries should be continued.</p>   |    |    |    |    |    |
| <p><b>23</b> The Federal Government should conduct a baseline review of Australia’s trade and investment position compared with our competitors in Asia (for example New Zealand, Canada, Japan), taking into account market access outcomes delivered by FTAs and other policies and mechanisms, such as export financing, trade promotion, and information access. This should include a clear identification of market access gaps across goods and services sectors relative to that of our competitors.</p> |   |   |   |   |   |
| <p><b>24</b> Business and government should engage the Asian-Australian community, diaspora and international student alumni networks in Asia in our trade and investment agenda in Asia through recruitment and career programs, board appointments, mentorship, leadership and education programs.</p>   |  |  |  |  |  |

## About the Asia Taskforce

In October 2019, the Business Council of Australia and Asia Society Australia together with knowledge partners PwC Australia and the University of Sydney Business School formed the Asia Taskforce of senior leaders from the business, education and government sectors to examine how Australian companies and organisations can increase their presence and position in Asia to ensure our continued prosperity and deliver progress for future generations.

While the Taskforce members and contributors have provided input into the Final Report, the views expressed do not necessarily reflect the views of any individual or the organisations they represent.

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