Opportunities for Michigan Exporters in

Australia & New Zealand

Presentation by Angela Foley
Foley & Associates | MEDC Affiliate Office
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AGENDA

1. Current environment in Australia & New Zealand
2. How to select & prioritize global markets
3. Opportunity sectors / target industries
4. Tips for Michigan exporters
1. The Current Environment: Australia & New Zealand

How are we weathering the crisis; are the economies expected to bounce back?
# The Current Environment

* 28th July

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td>25.7 million</td>
<td>5 million</td>
</tr>
<tr>
<td><strong>Total COVID-19 cases</strong></td>
<td>14,935</td>
<td>1,554</td>
</tr>
<tr>
<td>since the start of pandemic</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total cases recovered</strong></td>
<td>9,311</td>
<td>1,506</td>
</tr>
<tr>
<td><strong>Cases recovered (%)</strong></td>
<td>62.3%</td>
<td>97%</td>
</tr>
<tr>
<td><strong>Total deaths</strong></td>
<td>161</td>
<td>22</td>
</tr>
<tr>
<td><strong>New cases on 28 July</strong></td>
<td>532</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total tests to date</strong></td>
<td>3,987,090</td>
<td>443,169</td>
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</table>
The Current Environment

Australia – Step 3: ‘return to (new) normal’
‘3-step’ national framework for re-opening of the economy
• Interstate travel still delayed
• Return to workplace under COVIDSafe plan
• Easing of restrictions occurring on a state-by-state basis

New Zealand – Alert Level 1 (‘risk contained’)
All domestic restrictions are lifted. No social distancing.

Trans-Tasman ‘travel bubble’ negotiations
allowing international travel to New Zealand, Pacific Islands..

No plans to restart broader international travel (2021?)
Keeping the Economy Moving

Large & rapid government economic stimulus (to date):

Australia

A$ 320 billion
(~US$ 221.8b)

Further, more targeted stimulus expected

New Zealand

NZ$ 23 billion
(~US$ 14.9b)

NZ$ 50 billion
(~US$ 32b)

COVID-19 Response & Recovery Fund (CRRF)
IMF predicts global economic growth to fall **-4.9% in 2020**

<table>
<thead>
<tr>
<th>Country</th>
<th>Australia</th>
<th>New Zealand</th>
<th>Japan</th>
<th>Germany</th>
<th>US</th>
<th>UK</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>-4.5%</td>
<td>-7.2%</td>
<td>-5.8%</td>
<td>-7.8%</td>
<td>-8%</td>
<td>-10.2%</td>
<td>-12.5%</td>
</tr>
</tbody>
</table>

*(real GDP, annual % change)*

Australia & New Zealand are in recession

**How does recovery look like?**

Australia

- **Rebound in 2021**

New Zealand

- **5.9% in 2021**

*IMF World Economic Outlook, June 2020*
2. How to Select & Prioritize Global Markets?

Planning your next move; strategy for 2020 and beyond
Thinking about next steps...

Once lock-down is lifted...

...where should I be investing time and resources?

Challenge, Change, Disruption!

Strong Market Knowledge

+ Responsible Planning

to navigating the situation moving forward!
Where in the world are you doing business...?

Think...

SALES...?

EXPORTS...?

MARKETS...?
NEW MARKETS | Key Points to Consider

- END CUSTOMERS
- COMPETITORS
- GOVERNMENT RESOURCES
- RESEARCH PARTNERS
- PARTNERS (e.g. Distributors)
- $$BUDGET
- PRODUCT / SERVICE MODIFICATION
- CAPACITY
Exposure to global supply chain risks

- Global supply chain **disruptions**
- Shortages of **critical** items

Australia sources from China:

- +69% of furniture
- +56% of glass
- +40% of nuts, screws & bolts

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Shift from China supply chain ‘inevitable’ for Australia
Sky News 03 May, 2020

The COVID-19 Supply Chain Hit Could Trigger Recession in Australia
Logistics Bureau 11 March, 2020

Coronavirus is focusing attention on how fragile global supply chains can be, so how will Australia respond?
ABC News 03 May, 2020
Urgent need for supply chain diversification...

...opportunities for Michigan exporters!

A time for innovation...

- Onshoring critical functions
- Investing in automation of critical processes
- Seeking greater geographical diversification in supply chains
Focus on the new reality!
3. Key Opportunity Sectors for Michigan Exporters

Where are the $$... ?
A STRONG SHIFT: Accelerated digitalization across industries

- biosciences
- training & education
- cybersecurity / defence
- healthcare & wellbeing
- e-commerce
- data analytics
Key Sectors of Opportunity

- AGRIBUSINESS & AGTECH
- FOOD & BEVERAGE
- ADVANCED MANUFACTURING & DEFENCE
- MEDICAL DEVICE TECHNOLOGY
Agribusiness & AgTech

Australia - major agricultural exporter & producer

Top **exports** and % **growth** over 10 years

Source: [Australian agricultural exports 2019: State of play](#)

Asia - Australia's **no. 1 export region**

Share of Australia’s ag exports 2017/18
Food security ▶ Top priority for Australian government

► Strong demand from Asia for ‘clean and green’ Australian food.

► A$62.2 billion (~US$43.5b) - gross value of Australian agriculture in 2018-19.

► Plan to increase production to A$100 billion (~US$70b) by 2030*.

► Adding 1 million ha to grain production in 2020/21:

↑ demand for essential agricultural equipment, fertiliser, chemicals, biological solutions...

► Australia imports ~95% of agricultural equipment & machinery (including tractors).

*National Farmers’ Federation: 20230 Roadmap
Agribusiness & AgTech

Embracing **Robotics & Automation** Technologies

- Need for **new technologies** in Australian farming >
  > improving **productivity** + increasing **efficiencies**

- Key areas of **opportunity** include:
  - Agriculture biotechnology
  - Farm management / software
  - Farm robotics & equipment
    
    e.g. drones, remote monitoring, advanced data analytics...

**600 farms** in Victoria trialing on-farm IoT technology
Agriculture - New Zealand's largest industry

- World’s no. 1 exporter of *dairy* products & *sheep meat*.

- Growing consumer demand for high quality & healthy, New Zealand-made food: ↑ *demand for agricultural equipment*.

- ~NZ$1.3 billion (~US$0.85b) - annual worth of New Zealand’s *tractor & farm machinery* sector.

- Government’s plan to boost primary sector export earnings by *NZ$44 billion* (~US$28.9b) over the next decade.
Food & Beverage

Australia’s food sector is valued at ~US$120 billion

- Opportunities for: **private label** - **health food** - **gourmet** - **organic products**.
- Consumers are experimental - desire for **new & innovative** products.
- **4 key players** dominate the supermarket & grocery industry (80% of total industry revenue).
- **Packaging** has grown in importance: Innovative / Recyclable

**NOTE:** Strong competition from established local, US, Asian and EU brands.
Australia’s liquor retail sector is valued at ~US$8.3 billion

- Massive growth in **healthy alternatives** to soft drinks.
- Growth of the ‘**craft’** beer & spirits industry.
- Rising consumer demand for **premium** drinks, as well as lower alcohol and non-alcoholic drinks.
- **Whisky** and **gin** are forecast to be 2 fastest growing international categories by 2021.

Intense market competition – the ‘explosion’ of local craft spirits manufacturers
Advanced Manufacturing

A ‘wake-up call’ for Australia...

- Changing focus: from heavy industry to high tech products.

- Move to onshore production is critical > smart (advanced) manufacturing will be the key to develop ‘niche’ markets.

- The key areas:

  - Sensors & data analytics
  - Advanced materials
  - Smart robotics & automation
  - Additive manufacturing (3d printing)
  - Augmented & virtual reality

National A$31.3 million (~US$20m) deal for production of 2,000 invasive ventilators in Australia.
Defence & Security

Australia is spending **A$270 billion** (~US$186 bn) on upgrading defence force to 2030

- **Maritime capabilities**: ~$52.5b
- **Air capabilities**: ~$45.5b
- **Land capabilities**: ~$38.5b
- **Defence infrastructure**: ~$21b
- **Cyber security** spending gets a record **A$1.35bn** (~US$0.95b) boost over the next decade

*In US$*
Defence & Security

New Zealand Government’s **NZ$20 billion** (~US$13.3b) Defence Capability plan 2019

- **NZ$3.5b** (~US$2.3b) for New & replacement **naval vessels** and maritime **helicopters**
- **NZ$2.5b** (~US$1.6b) for Upgrades to New Zealand's **Air Force**
  - Increasing the size of the Army to 6000 personnel by 2035

**2020 Budget:** **NZ$1.77b** (~US$1.2b) additional boost to NZ Navy, Army & Air Force
RISING DEMAND for digital health solutions & medical technologies in Australia

- Rapid population growth, ageing population
- US - a major supplier of MedTech to Australia
- State governments are investing in health infrastructure:

NEW SOUTH WALES: Record A$10.1 billion (~US$7b) spend on health infrastructure to 2022-23, including 40+ new/upgraded hospitals

Australia imports:

80% of the medical equipment used in country
Medical Technology

IN FOCUS: Digital Health

- Australia (especially Queensland): dispersed population, vast distances.
- The areas identified for most potential growth post-COVID:
  - Telehealth
  - Data analytics
  - Remote monitoring
  - Digital mental health

- A$1.1 billion (~US$0.7b) funding boost for telehealth & mental health in Australia
Medical Technology

New Zealand Budget 2020/21:
Record investment into the healthcare sector

NZ$3.9 billion (~US$2.5b)
> funding boost for hospitals & health services over 4 years

NZ$755 million (~US$493m)
> additional capital investment for facilities, infrastructure and technology over 10 years

NZ$350-$400m (~US$228-$261m)
> for health IT expenditure in 2020/21

New Zealand - ideal test base for health care technology
Australia’s waste & recycling transformation

- **A$190 million (~US$133m)** boost to Australian recycling industry:
  - Drive a **billion-dollar transformation** of national waste and recycling capacity;
  - Support innovative investment in **new infrastructure** to sort, process, and remanufacture materials such as mixed plastic, paper, tyres, and glass;
  - Help divert over **10 million tonnes of waste** from landfill.
4. Tips for Michigan Exporters

Developing a plan of action...
Developing a Plan of Action...

Focus on **short term wins**, but also...

Develop a **long term strategy**

Know what **questions** to ask

Access the **resources** available to you

**Strong market knowledge + responsible planning** are the key to navigating the current situation.
Michigan Economic Development Corporation (MEDC) offers several services to assist Michigan companies to:

- Better understand your ‘export readiness’,
- Identify and assess potential new export markets, and
- Identify and engage with potential partners and end-customers.
In-Country Resources for MEDC

Based in Sydney, F&A acts as the MEDC Affiliate Office for Australia & New Zealand, under the GSGP shared international trade office model.

We assist companies to:

Understand the market
Prepare for market entry
Establish a presence
Grow international sales

Our core services, listed below, are just some of the services available to Michigan companies via the Michigan Economic Development Corporation (MEDC):

- Market Research
  - Market Assessments
  - Regulatory Overviews
  - Competitor Analyses
  - Feasibility Studies
  - Market Entry Strategies

- Partner Searches & Virtual Matchmaking
  - Distributors & Agents
  - Customers & End Users
  - Integrators & Partners

- Market Visits
  - Tailored B2B/B2G Appointments
  - Meeting Programs
  - Assistance with / Representation at Industry Shows / Events
Regional Export Network Hosts

Regions 1, 2 & 3
Networks Northwest
Regions 5, 6, 7 & 9
MSU International Business Center
Regions 4 & 8
Van Andel Global Trade Center
Region 10
Automation Alley

International Trade Managers by Region

Regions 1, 2, 3 & 5: Chris Bosio
Regions 4 & 8: Weiwei Lu
Regions 4, 6, 7, 10: Jake Schroeder
Region 9: Brendan Cherry
Region 10: David Newhouse
MICHIGAN STATE TRADE EXPANSION PROGRAM (STEP)

50% reimbursement for pre-approved export development activities capped at $15,000

- Foreign trade missions and sales trips
- Reverse trade missions
- International website development
- International trade shows
- International trade training
- U.S. Department of Commerce Services
- International marketing media
STEP GRANT INCREASES
IN RESPONSE TO CORONAVIRUS
Caps increased to $6,000 – formerly capped at $3,000
• Website translation into foreign language, search engine optimization, and localization services
• Design of marketing media commensurate with STEP’s statutory objectives deemed appropriate & SBA-approved

Cap increased to $4,000 – formerly capped at $2,000
• Fees for shipping sample products
Michigan’s top export markets (Mexico, Canada, and China) make up over 53% of the sales reported by MEDC International Trade clients. However, clients have reported sales to 133 countries in FY19.
Thank you.

Q&A

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