



A MESSAGE FROM THE MANAGING DIRECTOR: Hiroyuki Nakazato

Dear readers,

Thank you for reading the 2018 Autumn edition of JETRO Sydney's newsletter.

A major recent event was the signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), also known as TPP11. Prior to the signing of the CPTPP, the Australian and Japanese governments lead the other 9 countries. Moving forward, providing information on how to utilise the CPTPP in trade and business will be of increased importance.

Regarding JETRO's activities, in Sydney on the 6th February, and in Melbourne on the 8th February, the QZSS Industrial Utilisation Workshop was held. This will be explained in more detail in the newsletter. This workshop was held in conjunction with numerous organisations including, METI, Geoscience Australia, Austrade, the Japanese Consulate General of Japan in Sydney and Melbourne, the State Governments of NSW and VIC, JABCC, AJBCC, JCCI, and UNSW. We would like to express our sincere gratitude to all organisers, speakers, guests, and press,

who attended the event. From now, we would like to offer further opportunities for business matching that will lead to actual industrial use of QZSS.

In addition, this newsletter summarises the recent results of the annual "Survey on Japanese-Affiliated Companies in Australia". Every year JETRO conducts surveys of Japanese companies around the world, including Asia, Oceania, United States of America, Canada, Central and South America, Europe, Russia, the Middle East, and Africa. An overview of the English versions of these publications can be found [here](#).

Results focused only on Australia, were contained as a part of the Asia – Oceania report. Three characteristics of the Australian economy that were detailed include sustained economic growth, population growth, and an increase in high net worth individuals. Taking these factors as points of attraction, new investment from Japan in various fields has been created, and the increased creation of new jobs. In this way, the continued contribution of Japanese companies to Australian economy can be

seen, and we are pleased that the Australian side has welcomed this.

Further, JETRO also conducts an annual survey of Japanese companies with overseas subsidiaries, entitled "Results of JETRO's FY2017 Survey on the International Operations of Japanese Firms". For those who are interested, you can read it [here](#).

JETRO follows the Japan financial year, from April to March, and as such we have arrived at a new financial year. Utilising JETRO's internal and external networks, we will continue to work to support the overseas activities of Japanese companies, and promote investment of Australian companies to Japan, into the new financial year. In addition, we will continue to work to promote the export of Japanese agricultural, forestry, fishery and food products, and work in new fields of innovations, such as the industrial utilisation of QZSS. And once again, for consultation in overseas business, please "Talk to JETRO First". ●

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Photo: Plenary Session of the 2017, 55th Annual Joint Business Conference held in Tokyo, courtesy of AJBCC

FEATURE ARTICLE

Upcoming Prestigious Australia-Japan Business Meeting



David Jacobs
CEO
AJBCC

Australia-Japan business success owes much to the human infrastructure that has quietly supported it over a lengthy period of time. The linkages between business and the wider community come through a number of organisational channels, from not-for profits through to private enterprise, as well as all levels of Government, both in Australia and Japan.

SYDNEY MEETING FOCUS

The **56th Annual Joint Business Conference** of the Australia-Japan Business Co-operation Committee (**AJBCC**) together with its Japan based counterpart organisation will be held in **Sydney 14-16 October, 2018**. This meeting attracts over 400 senior Australian and Japanese business executives. With the explosion of the internet age and instant dissemination of information and the short business reporting cycles, the clamour is for instant results. "Short termism", however, is not a Japanese characteristic. So what can be learnt from other perspectives such as that of the long view or sustainable

development? This provides the backdrop for the overall theme for this year's conference which is **Taking the Long View**. The Australia-Japan relationship over the last 60 years (since the historic Australia-Japan trade agreement was signed) has built upon strong relations, strategic alliances and partnerships. What does the future hold? How can businesses in both countries

sessions and bring an additional perspective reflecting their top of mind issues.

DEPTH OF AUSTRALIA-JAPAN BUSINESS INTERACTION

Australia-Japan trade in traditional areas of resources, energy and agrifood commodities is well known, along with Australia's imports of



Australia-Japan trade in traditional areas is well known. [...] However, the business relationship is broadening out, whilst in some existing areas, such as tourism, it is undergoing a resurgence."

leverage off this remarkable story and shared experiences?

SPECIFIC SESSIONS

Sessions at the conference will cover a broad range of topics reflecting the diverse nature of the companies participating: energy; financial services including infrastructure; technology; smart cities; and developing long term partnerships through collaboration. In addition, the very active Future Leaders Group will host one of the

Japanese cars, machinery and electronic goods. However, the business relationship is broadening out, whilst in some existing areas, such as tourism, it is undergoing a resurgence. So too is the development of a new and widening circle of businesses and business people coming into contact with the Japanese market.

One of the reasons for the broadening out of business areas has come about by the increasing trend of Japanese companies to invest in Aus-

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“ AJBCC and JABCC - built on a strong relationship

Photo: AJBCC President Sir Rod Eddington AO, and JABCC President Dr Akio Mimura AC, at the 2017, 55th Annual Joint Business Conference held in Tokyo, courtesy of AJBCC.

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tralia. Japanese investment in Australia has a long history accelerating in the 1970s and 1980s – but this was mainly in establishing “green field” investments. The reasons behind the latest cycle have different drivers. Acquisition of Australian companies by Japanese companies has been noticeable. As Japan’s demographic positions it at the end of the scale in terms of an ageing society, it is on a trajectory of a shrinking population. This is impacting on the strategy for Japanese corporates to increase their investment overseas to secure markets which are expanding. Interestingly, Australia with both a growing population and an affluent consumer base have become one of the attractive options. However, another driver is that for Japanese companies, acquisition of Australian companies is also bringing with it access to Australian management skills, especially in services sector related fields. As Japanese companies increasingly are driven to focus more on their global rather than domestic market, so too is the demand for management skills and/or proven alternative business operating models or procedures for global markets. These are different from domestic Japan requirements.

Apart from trade and investment, there is

a range of collaboration activities occurring between Australia and Japan. Many are not well publicised, but they are forming another channel in the business linkages with Japan. How to get your company more involved? To assess the opportunities for your company there are already well established channels that can be tapped into. (It’s never too late to start.)

ABOUT THE AJBCC CONFERENCE

The annual conference is held every October and alternates between Australia and Japan. It provides excellent networking opportunities amongst the over 400 Japanese and Australian attendees. This year **14-16 October, 2018**, the 56th annual meeting will be held in **Sydney**, the first time since 2012. The meeting begins on a Sunday evening and concludes on Tuesday at lunchtime. Optional site visits are organised for Tuesday afternoon. Further details of the conference are available [here](#). The AJBCC’s Future Leaders group also host their own half day workshop on Sunday afternoon, as a precursor to

their plenary session topic held on Tuesday.

THE AJBCC

The **AJBCC** was established in 1962 and its counterpart, the Japan Australia Business Co-operation Committee (**JABCC**) was inaugurated in 1963. The organisations are not-for-profit. The current President of the **AJBCC** is **Sir Rod Eddington AO**, Chairman Asia Pacific Advisory Council, JP Morgan. His counterpart on the **JABCC** is **Dr Akio Mimura AC**, Senior Advisor, Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation. Both the AJBCC and the JABCC have an active Future Leaders group representing young Australian and Japanese managers – typically in their mid 30s. Further information about the AJBCC is obtainable [here](#).

● **David H Jacobs** is CEO of the AJBCC. He has an extensive background in corporate advisory related to the Australia-Japan market. David is a Japanese speaker.



Australia Japan Business Co-operation Committee

AJBCC



Photo: unplash.com/@bchld311

Japanese-Affiliated Companies in Australia: FY 2017 Survey Results



Tomomi Koyanagi
JETRO Sydney
Research Director

JETRO has recently released the 2017 edition of its annual 'Survey on Japanese-Affiliated Companies in Australia'. The survey has once again produced some interesting results.

The majority of survey respondents reported a positive outlook for their future business activities in Australia. 78.9% of the Japanese-affiliated firms that took part in the survey stated that they were expecting an operating profit in 2017, an 8.2 point increase from 2016, while the proportion expecting a loss decreased 5.8 points to 10.6%. In addition, 50% of companies reported an expected improvement in profits for 2017 compared to their performance in 2016.

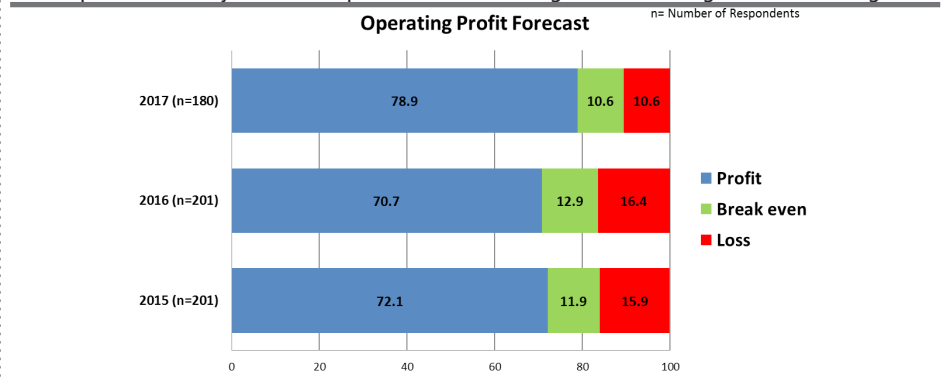
The survey also examines business confidence by looking at the Diffusion Index (DI) (the proportion of firms expecting an improvement minus the proportion of firms expecting a decline). Australia's DI continues to improve, with a figure of 31.1 reported for 2017, representing

a 19.7 point increase on the 2016 survey. For 2018 Australia's DI is 31.8, indicating a positive outlook for the year ahead.

This confidence in business in the region was underscored by the number of Japanese-affiliated firms that hold an optimistic forecast about their performance in the near future. 47.5% of firms reported that they intend to expand their

business in the next 1-2 years. This represents a 4.4 point increase on the previous year. The number of firms planning to reduce their business scale or withdraw from the Australian market remained much the same as last year, with 7.8% of respondents expressing such intentions.

Despite this optimistic outlook, respondents noted the rising costs of labour, dealing with rival companies and their competitive pricing, and volatility of the Australian dollar as continuing issues for their activities in Australia. When asked about the risk of investment environment, the difficulty and complexity in obtaining working visas has emerged as an area of great



concern, compared with the previous year's survey. This reflected the changes of the Australian working visa system that were announced in 2017.

When asked about priority areas for expansion

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JETRO Sydney welcomes its new Research Officer

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ing their sales channels within the Australian market, 45.7% of firms cited "securing and training human resources". This was followed by "diversification of products and services," which

respondents with experience in importing or exporting goods between Australia and Japan about their utilisation of JAEPA. At the time of the survey's implementation (October-November 2017), 18.9% reported that they used JAEPA for exports, and 47.1% reported use of it for im-

JETRO Sydney has recently welcomed the newest member of its Research Department, Ms Jessica Cooper, taking on the role of Research Officer.

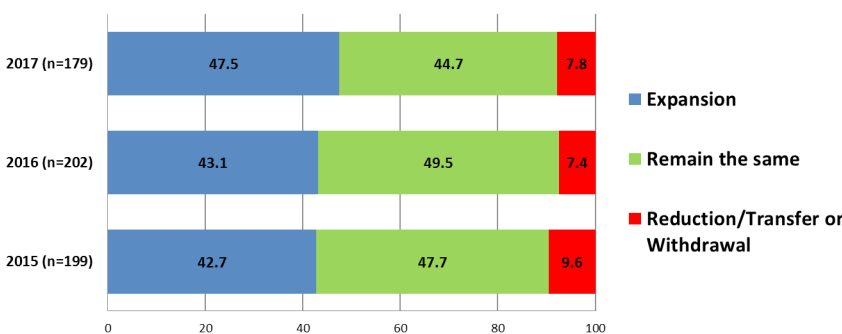
Jessica has a long working relationship between Australia and Japan. She graduated from the Australian National University with a Bachelor of Asian Studies (Japanese)/ Science (Psychology). During her university time, she also completed a 1 year exchange at the prestigious Keio University in Tokyo, Japan.

After graduating, Jessica has spent numerous years working as a translator and interpreter in Japan, the United Kingdom, and Australia. In particular, she worked for 2½ years at the Australian Embassy in Tokyo, Japan. During that time she had responsibilities in interpreting, translation, and public diplomacy.

Previously working as a freelance translator, Jessica has returned to a full-time work career, taking on the role at JETRO Sydney. Working at JETRO, she hopes to continue to support the Japan-Australia relationship, in both continuing and new capacities. ●

Future Business Plans

n= Number of Respondents



was noted as a priority issue by 40.5% percent of companies. 30.2% responded that finding a local partner company was a key priority.

Three years have passed since the entry into force of the Japan-Australia Economic Partnership Agreement (JAEPA). The survey asked

ports. The figure for imports has dropped by 1.2 points since the 2016 survey, but still represents a 3.8 point increase on the 2015 survey results.

We would like to take this opportunity to express our sincere gratitude to all the firms that cooperated with this year's survey. ●

Australia's Economic Partners: Japan is No. 2 Plus



Manuel Panagiotopoulos
Australian & Japanese
Economic Intelligence

Japan has regained its position as Australia's second largest overall trading partner. Figures for Australia's total Goods and Services Trade for 2016-17 show the value of bilateral trade was \$69 billion, an increase of 13% over the previous year, with Japan accounting for 10% of the total.

Most of the export gains occurred in merchandise goods, a trend confirmed by the end of year data. The figures for 2017 show that Australia's Merchandise Exports to Japan grew by 24% from the previous year to \$44 billion, accounting for 15% of Australia's merchandise exports. Imports from Japan were \$21 billion and Australia's trade surplus with Japan was \$23 billion. Australia's total merchandise trade with Japan was worth \$65 billion, more than 50% higher than the US and South Korea. Of course, Japan has been Australia's second largest goods and services export market since 2009-10, having being number one for several decades.

Japan's position as Australia's second largest trading partner looks to continue, based on the stable demand for coal and iron ore plus the growth of LNG exports and the opportunities created by the combination of JAEPA and TPP11.

According to BREE (Bureau of Resource and Energy Economics), Australia's LNG export earnings are forecast to rise by 60% from \$22 billion in 2016-17 to \$36 billion in 2018-19, mainly due to much higher volume increase rather than price rises. Export volumes are projected to grow from 52 MT to 77 MT by 2018-19, mainly due to the completion of the Wheatstone, Ichthys and Prelude projects.

The major destinations will be Japan South Korea and China. Inpex is the major shareholder in the Ichthys Project, which has a projected operational lifetime of 40 years and an annual production 8.9MT of LNG. Wheatstone's major shareholder is Chevron, with minority stakes by JERA, Kyushu Electric and Tohoku Electric. Wheatstone, which also has an annual production target of 8.9MT of LNG, made its first shipment to JERA in October 2017. Prelude's major shareholder is Shell, with Inpex as a minority shareholder. Prelude's expected annual produc-

tion 3.6MT of LNG.

In addition, JAEPA has been in force since 2015 and has been very successful in creating opportunities for Australian exporters in numerous sectors, including sugar (69% growth in 2016-17), fruit and nuts (19% growth) and medical instruments (22% growth). Even beef, which is a mature market, grew by 5.3% as Australian producers gain market share.

Through JAEPA, Japan's largest opening of its market has been to Australia. But there is more: Japan has been an unexpected but committed and effective leader, along with Australia, in the successful effort to keep alive, revive and implement the TPP11. This agreement not only increases Australia's access to Japan but also to Canada and Mexico, with which Australia does not have existing FTAs.

As Australia's second largest trading partner, second largest source of foreign direct investment and ever closer security partner, Japan continues to be a valuable contributor to Australia's future well being. It is hard to find another bilateral relationship with such strong overlap of interests in commerce, geopolitics and security. ●

WANT TO INVEST IN JAPAN? CONTACT JETRO SYDNEY:

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Editor's Corner: JP-AU: QZSS Industrial Utilisation Workshop



Adam Sims
Editor

JETRO Sydney, in cooperation with the Ministry of Economy, Trade & Industry (METI), held the Japan-Australia Quasi-Zenith Satellite System (QZSS) Industrial Utilisation Workshop in Sydney on Tuesday 6 February, and half day workshop in Melbourne on Thursday 8 February.

The event was attended by 132 people in Sydney, and 60 in Melbourne. Experts in the field of Global Navigation Satellite Systems (GNSS) from Japan and Australia introduced the potential industrial applications of QZSS technology to industry and business guests. Also, discussion was held into introducing a framework of cooperation between industry, academia, and government, with lively exchange of opinions.

The events in Sydney and Melbourne were co-organised and supported by numerous organisations, including Geoscience Australia (GA), the Australian Trade and Investment Commission (Austrade), the Consulate General of Japan in Sydney and Melbourne, the Australia Japan

Business Co-operation Committee (AJBCC), the Japan Australia Business Co-operation Committee (JABCC), the Japan Chamber of Commerce and Industry, Sydney, and the State governments of New South Wales and Victoria.

Collaboration on QZSS technology was one of the priority areas signed under the Memorandum of Cooperation between the Japanese Government Ministry of Economy, Trade and Industry, and the Australian Government Department of Industry, Innovation and Science. This was further discussed in the recent meetings between Australian Prime Minister Malcolm Turnbull, and Japanese Prime Minister Shinzo Abe.

Japan's QZSS is a Global Navigation Satellite System, consisting of 4 satellites in orbit over the Japan, Australia and South East Asia region. The QZSS system can work in conjunction with the United States' Global Positioning System (GPS), to achieve location accuracy within a few cm (GPS alone has an accuracy of around 10m).

In September 2010, the first satellite "Michibiki" was launched, with 3 additional satellites launched in 2017. From April 2018, the QZSS will begin basic operations. Further, it is

currently planned between the years 2020-2023 to launch additional satellites, which will allow the QZSS to achieve cm level accuracy over Japan, without depending on GPS.

To summarise the workshop content, the major feature of QZSS is its high precision positioning. Once operational, the QZSS will achieve accuracy superior to all other GNSS systems. In addition to its location accuracy, the QZSS is also capable of delivering emergency signals such as disaster notification and evacuation instructions.

Currently, there are major ongoing projects in the fields of Agriculture, Transport Infrastructure, and Shipping, to develop new technologies to utilise QZSS technology. Automated technology is a major area of research, with QZSS technology providing the precision requirements for automated agricultural machinery, cars, and ships.

Due to Australia's size, and areas with a lack of telephone and GPS coverage, new satellite positioning technology is highly sought after. As such, business collaboration in this industry will be one of the important economic developments in the relationship between Japan and Australia.

The Japanese Government would like to invite you to subscribe to its new Online Newsletter: 'We Are Tomodachi' at: <http://www.japan.go.jp/tomodachi/>



JETRO Global Channel
See the latest JETRO videos at:
<https://www.youtube.com/user/jetroglobalchannel/>

TALK TO JETRO FIRST.

About Business in Japan.

Japan welcomes global companies with open arms! This is an ideal country for innovation, with business and living environments unparalleled in the world.

JETRO is Japan's core governmental organization for promoting inward foreign direct investment and has supported over 14,000 overseas companies. Our Invest Japan Business Support Center (IBSC) offers comprehensive support services to provide our clients with the resources they need to get started and grow in Japan. Together with JETRO's IBSC, the Tokyo One-Stop Business Establishment Center (TOSBEC) streamlines the process of setting up a business including registration, taxes, and more. We are a partner you can count on.

When it comes to doing business in Japan, please "Talk to JETRO first!"

JETRO

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