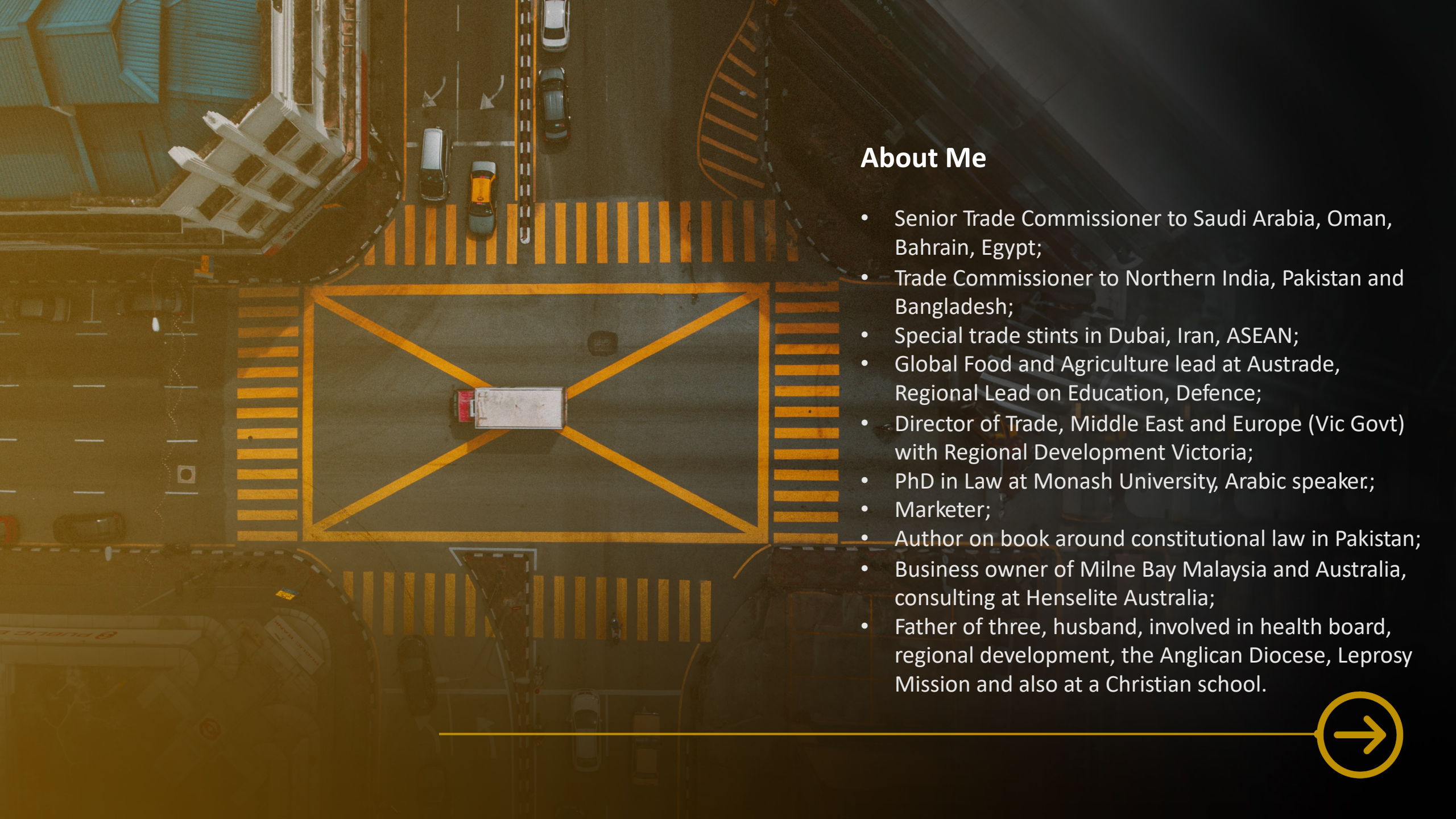




Opportunities, Challenges & Barriers to Trade

November 2023

An aerial photograph of a city street intersection. A yellow truck is positioned in the center of a rectangular area marked with yellow diagonal lines. The surrounding area includes pedestrian crossings with yellow and black stripes, and several cars are visible on the roads. The image has a warm, golden-brown color cast.

About Me

- Senior Trade Commissioner to Saudi Arabia, Oman, Bahrain, Egypt;
- Trade Commissioner to Northern India, Pakistan and Bangladesh;
- Special trade stints in Dubai, Iran, ASEAN;
- Global Food and Agriculture lead at Austrade, Regional Lead on Education, Defence;
- Director of Trade, Middle East and Europe (Vic Govt) with Regional Development Victoria;
- PhD in Law at Monash University, Arabic speaker;
- Marketer;
- Author on book around constitutional law in Pakistan;
- Business owner of Milne Bay Malaysia and Australia, consulting at Henselite Australia;
- Father of three, husband, involved in health board, regional development, the Anglican Diocese, Leprosy Mission and also at a Christian school.



An aerial, high-angle photograph of a warehouse interior. The scene is dimly lit with a greenish tint. In the foreground, two workers in high-visibility vests are standing and talking. One worker is holding a tablet. To their left, a forklift is positioned near a pallet of goods. The background shows tall industrial shelving units filled with boxes and other supplies.

Agenda

- ✓ Potential opportunities, potential markets, potential partnerships, potential barriers
- ✓ The Tailwinds of Trade
- ✓ The Headwinds of Trade
- ✓ Case Studies
- ✓ Starting Out in Trade

Internationalising your business

Potential Opportunities

- ✓ Significantly expanded market for products.
- ✓ Diversification away from reliance on AUS/NZ.
- ✓ Access to talent and innovation.
- ✓ Economies of scale.

Potential Markets

- ✓ Dependent on product.
- ✓ Established markets offer great opportunity (Japan, Korea, Singapore, Dubai, UK, USA)
- ✓ Emerging markets in China, ASEAN, Sth Asia.

Potential Partnerships

- ✓ Direct export
- ✓ Strategic alliance/JV
- ✓ Agent and distributorship.
- ✓ Each have their own up-side and down-side.

Potential barriers

- ✓ Market entry barriers.
- ✓ Cost.
- ✓ Competence, lack of experience.
- ✓ Intellectual property risk.
- ✓ Diluted ownership, diluted focus.



Internationalising your business

Potential Opportunities

- ✓ Significantly expanded market for products. Australia has a large number of FTAs with our neighbours and major trading partners.
- ✓ Diversification away from reliance on AUS/NZ. Our Market is small, sometimes niche.
- ✓ Access to talent and innovation. Generally, innovation and drive isn't coming from Australia, it's coming from elsewhere.
- ✓ Economies of scale. Does what you are doing now lend itself to doing something similar, somewhere else?
- ✓ Clouds in Saudi



Internationalising your business

Potential Markets

- ✓ Dependent on product.
- ✓ Established markets offer great opportunity (Japan, Korea, Singapore, Dubai, UK, USA)
- ✓ Emerging markets in China, ASEAN, Sth Asia.



Internationalising your business

Potential Partnerships

- ✓ Direct export – no care, no responsibility, or a model that has one receiving partner.
- ✓ Strategic alliance/JV . Useful for companies that require infrastructure, or deep subject matter expertise.
- ✓ Agent and distributorship. Useful for companies that want a longer term relationship, without the hassle. Particularly useful for those who want to bed down and build depth locally.
- ✓ Each have their own up-side and down-side.
- ✓ Security Services in India



Internationalising your business

Potential barriers

- ✓ Market entry barriers. Certification, tariffs, local regulation, local manufacture requirements etc.
- ✓ Cost. Australian products are generally not on the cheap side!
- ✓ Competence, lack of experience. Companies often don't have the internal expertise to do everything necessary from home, or perhaps even with a partner.
- ✓ Time. It's hard to give up time in your strategy to think about other markets, to visit them, to plan a strategy and to execute.
- ✓ Intellectual property risk. Many developing countries have weak systems in place.
- ✓ Diluted ownership, diluted focus. A new partner, agent or distributor often has different ideas to you.
- ✓ Extracting payment, enforcing contracts.



The Tailwinds

- ✓ **Lower dollar, lower local demand**

Driving companies abroad in search for a new market, better trade terms and a place with a (currently) thriving economy and consumption

- ✓ **We have significant FTAs, international links, diverse workforce, and access to Asia.**

Australia is well positioned in terms of its resources, training, links and its trade terms with other countries.

- ✓ **Impetus behind ASEAN engagement**

Australia is behind a significant push into the Asia-Pacific, into South Asia.

- ✓ **Our reputation and branding**

Our reputation and branding goes before us. We are clean, green, safe, reliable (and expensive).

- ✓ **Closer Federal engagement with some emerging markets**



The Headwinds

- ✓ **The Big Panda in the Room**

Instability caused by trade and geopolitics from China.

- ✓ **Australia's labour cost and availability**

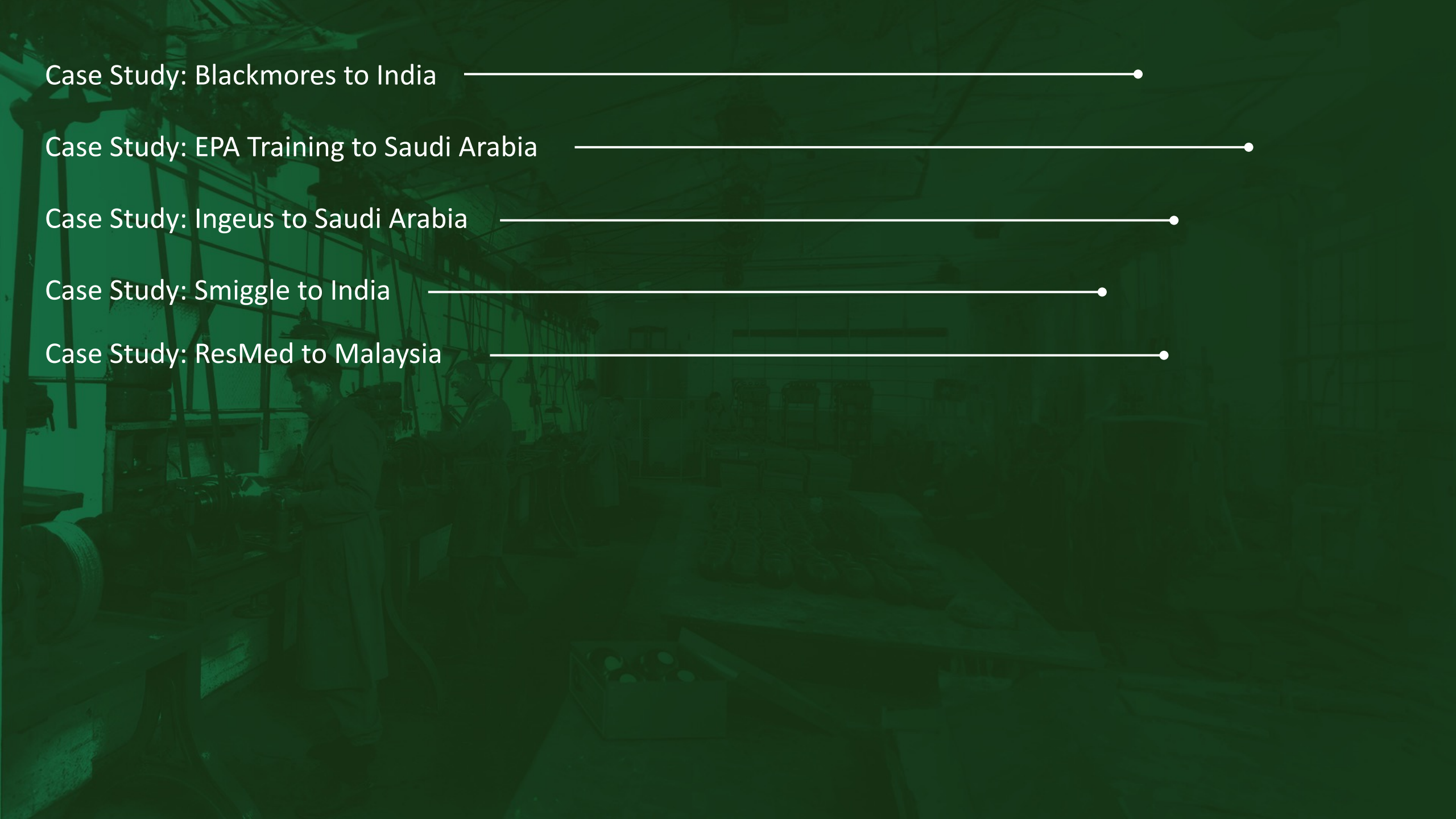
Our pool of labour is pretty short, and pretty shallow.

- ✓ **Increased sophistication abroad**

Overseas markets are often streaks ahead of us on the tech side, and in professional services.

- ✓ **Increased trade barriers as a result of global fear and anxiety**

Fear, nationalism and closing borders are a feature of recent years. COVID didn't help.



Case Study: Blackmores to India

Case Study: EPA Training to Saudi Arabia

Case Study: Ingeus to Saudi Arabia

Case Study: Smiggle to India

Case Study: ResMed to Malaysia



Starting out

- Develop an initial plan around similar customers, audiences or environments/contexts for your product.
- Do some desktop research.
- Get in touch with local representatives of RDV, Global VIC, Austrade, Chambers of Commerce.
- Visit the market as part of a trade mission, trade fair, or conference.
- Seek out market experts (trade and investment orgs, lawyers, accountants)
- Visit again.
- Set aside time and energy and effort in developing a strategy for the market.
- Try it out with a low cost entry strategy, or find a partner to do so on your behalf.





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