

business envoy

Acknowledgements

Business envoy brings insights from Australia's global diplomatic network to the Australian business community. It considers global geopolitical events and trends, their economic implications and what they might mean for Australian business.

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Australian Government
Department of Foreign Affairs and Trade



business envoy



Reforms result in remarkable economic growth in Vietnam

Minister for Trade, Tourism and Investment
The Hon Steven Ciobo MP

Few countries around the world better exemplify the benefits of trade and investment liberalisation than Vietnam. It is now three decades since Vietnam launched the *doi moi* reforms to facilitate the country's shift to a market economy. The results have been stunning. Since 1990, Vietnam's average annual economic growth per person has been 5.5 per cent, among the highest in Asia.

Vietnam is now a middle income country with a population of 90 million. It has invested heavily in education and skills, reinforcing its favourable demographics, including a median age of 30. With the help of partners such as Australia, it is investing in transport infrastructure that will consolidate its favourable geography, notably its proximity to the growth engines of southern China and the world's busiest maritime trading routes.

Commentators judge Vietnam to be among the best placed of the emerging economies to escape the so-called "middle income trap" and follow a similar trajectory to the first Asian tigers such as Singapore, Korea and Taiwan. By mid-century, Vietnam is expected to be on the cusp of joining the world's top 20 economies.

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Reforms result in remarkable economic growth

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Trade and investment liberalisation has been at the very centre of Vietnam's growth story. Two-way trade is equivalent to 185 per cent of Vietnam's GDP. In a short period of time, clothing manufacturing has grown into a \$40 billion export industry, with Vietnam now the second largest supplier of apparel to the United States, Japan and Korea. Samsung makes nearly a third of its smart phones in Vietnam. Foreign direct investment in Vietnam rose to record highs in both 2015 and 2016.

Importantly, Vietnam has made a strategic choice to embark on further trade liberalisation as a core element of its ambitious domestic reform agenda. As they face hard choices in 2017 and beyond, other countries around the world might look for inspiration in Vietnam's success story.

Australia is well placed to benefit from Vietnam's continuing rise. Vietnam is now our 15th largest trading partner, with two-way trade exceeding \$10 billion and Australian investment in Vietnam growing strongly. We see tremendous potential for Australian business to gain market share in sectors such as agriculture, energy, financial services, education, tourism and health.

Australia is pursuing a strong innovation and education agenda with Vietnam, which is showcased in this edition of *business envoy*. The Australian-Vietnamese community – representing the sixth highest foreign-born population in Australia – brings energy and know-how to the business relationship.

As Vietnam prepares to host Asia-Pacific Economic Cooperation leaders in the flourishing coastal city of Danang in November, Australia is working closely with Vietnam to drive economic connectivity and reduce trade barriers among APEC's 21 Pacific Rim member economies.

Vietnam is one of the largest users of ASEAN-Australia-New Zealand Free Trade Area tariff preferences for Australia, and the two countries are involved in negotiations for a Regional Comprehensive Economic Partnership, a trade agreement that would cover over 30 per cent of global GDP. Australia and Vietnam are also signatories to the Trans-Pacific Partnership. While the United States has withdrawn from the TPP, Australia, Vietnam and other TPP members are working to ensure the benefits of the agreement are not lost.

The time has come for Australia to take our relationship with one of Asia's most dynamic countries to a new level. Prime Minister Turnbull and I are looking forward to visiting Vietnam during its APEC host year in 2017 and building a closer economic partnership between our two countries. I would strongly encourage Australian businesses to explore how they too can be part of Vietnam's remarkable growth story.



Department of Foreign Affairs and Trade

Ambassador's Dispatch

Mr Craig Chittick,
Australian Ambassador to Vietnam



Cutting-edge Vietnam

I thought I knew Vietnam, but I was wrong.

When I arrived in Hanoi in July 2016 to start my job as Ambassador, after previous postings in Malaysia and Indonesia, I was confident that I had a feel for a country I had been visiting as a tourist and diplomat since 1998. But the old Vietnam I knew had been replaced by a new, cutting-edge Vietnam: more dynamic, richer, and more aspirational than I remembered. And more polluted and congested, and with more governance challenges too. It's a country that is more prospective than ever, with lots of opportunities and quite a few challenges.

I've been heartened that this wasn't just my experience; our visitors – for business and pleasure – have had similar experiences to me. Almost all have departed as advocates for the opportunities available in modern Vietnam.

We've chosen to showcase this new Vietnam in the first edition of *business envoy* for 2017 because Vietnam will be a focus of international attention this year as host of the Asia-Pacific Economic Cooperation forum. It will be an opportunity for the world to see modern Vietnam. Vietnam's APEC priorities align almost perfectly with what Australia is doing with Vietnam: there is a focus on 21st century education, making exporting and importing easier, empowering women in the economy, and ensuring our food supply is safe and secure. These are not distant dreams for Vietnam; they are the contemporary experience for Australian businesses, universities and government. I'm pleased to share their stories.

I was initially surprised to find out that the 22 000 Vietnamese are the fourth largest group of foreign students in Australia, with another 7 500 studying in Vietnam for an Australian qualification. Australian education delivers around \$1 billion in export revenue for Australia and provides Vietnam with an internationally-competitive group of future leaders. The 50 000 or so Vietnamese alumni of an Australian education – who understand both Vietnamese culture and language and our love of Vegemite – provide a ready bridge for Australian business. The emergence of a group of young Vietnamese and Australian leaders in business, government and society is evident through the entrepreneurial group who have established the Australia-Vietnam Young Leadership Dialogue and whose businesses win top awards in Australia. There are some great examples in the stories that follow.

Those education links have also fostered an innovation partnership that, while still in its infancy, is already delivering benefits for Australian business and research institutions. Our universities are finding world-class collaborators, often amongst our alumni community; whether it is RMIT University's Centre of Digital Excellence in Ho Chi Minh City that leverages that city's reputation as a "coding factory" or the University of Technology, Sydney's new joint research centre with Vietnam National University in Hanoi where they work on the Internet of Things. Businesses like the Viet-Uc Seafood Company are collaborating with CSIRO and numerous other Australian organisations to develop and test new commercial technologies in the aquaculture sector.

Australian culture and produce are recognised as world class in Vietnam. These will be on display at the Australian Government's Taste of Australia celebration in Vietnam in April 2017. Australia's own Luke Nguyen will again be our Face of Taste of Australia, and will be on hand (and at the kitchen bench) to support Australian food, beverage and (for the first time) fashion companies seeking to enter the Vietnamese market.

There are still problems in Vietnam. Australian businesses tell me they often struggle to navigate government red tape, deal with insufficient infrastructure and deflect requests by some for corrupt payments. Reflecting these challenges, Vietnam is currently ranked at 82 out of the 190 countries in the World Bank survey on ease of doing business (more difficult than Thailand and Malaysia, better than Indonesia and The Philippines). Vietnam itself understands these problems and has embarked on an economic reform program to develop a business environment competitive with the top four in ASEAN (Singapore, Malaysia, Thailand and Indonesia).

The Australian Government is investing through the aid program to support Vietnam improve its business environment, including through better competition policy and trade facilitation arrangements, and construction of roads and bridges to address infrastructure challenges. Australia is co-financing the Cao Lanh Bridge which will open later this year. This crucial transport link will spur economic development by connecting Vietnam's Mekong Delta with regional markets.

International competition will be vital to improving Vietnam's business environment, and Vietnam has built a network of international trade agreements to further open its market. Australia's own free trade agreement with Vietnam (through the ASEAN-Australia-New Zealand Free Trade Area) provides ongoing improvements in market opportunities,

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Growing a more market economy

Vietnam's decision-makers are taking positive steps to avoid the 'middle-income trap'

Australian Embassy, Hanoi

Socialist rhetoric is increasingly overshadowed by an entrepreneurial and dynamic market economy in Vietnam. Since taking over in May last year, the new leadership team – General Secretary Nguyen Phu Trong, Prime Minister Nguyen Xuan Phuc, President Tran Dai Quang and National Assembly head Nguyen Thi Kim Ngan – has made some major commitments to a bigger role for the market and a smaller role for the state in Vietnam's economy. The leadership seems aware of the risks of the 'middle income trap', especially with a soon-to-be-ageing population and increased automation globally of low-skill manufacturing jobs. Vietnam is taking active steps to avoid it.

In October last year, the Communist Party of Vietnam issued a Resolution for a New Economic Growth Model to set the direction for the economy over the next five years. In it, the Party recognised the need for a shift away from Vietnam's traditional growth model – based on cheap labour, capital accumulation, and export-led growth – to a new growth model, based on labour productivity, competitiveness, and quality growth.

Increasing labour productivity means more investment in education and training, as well as making it easier for workers to move from less-productive agricultural work to more-productive manufacturing. The Government has set the country a target of 5-5.5 per cent labour productivity growth, compared to the 3.9 per cent annual growth achieved over the last decade.

More competitiveness means growing the role of the private sector and shrinking the role of the state. The Government has set a target that the domestic private sector will account for 48-49 per cent of GDP by 2020, up from around 45 per cent now, and that there are at least one million formal private enterprises. Late last year, Prime Minister Phuc issued a list of state-owned enterprises to be privatised in the 2016-20 period – the clearest guidance to date.

To boost the private sector, the Government also needs to reduce the costs of doing business. Since 2014, the Government has set itself the benchmark of achieving the average score of the leading ASEAN countries on the World Bank's 10 Ease of Doing Business Indicators. Vietnam's progress has been strong and consistent: from 99th ranked in 2014, to 93rd in 2015, 90th in 2016, and 82nd in 2017. In doing so, it has bucked trends in South East Asia where, over the same timeframe, Thailand has gone from 18th to 46th and Malaysia from 6th to 23rd. In 2017, Vietnam is also expected to develop a Law on Supporting Bank Restructuring and Solving Bad Debts, which will be a breakthrough in creating a legal framework to resolve legacy debt issues that continue to weigh on the financial sector.

A focus on quality growth also means moving up the value chain towards more high-tech and innovative production with lower impacts on the natural environment. The Government has set itself a target that Total Factor Productivity, a measure of how technologically advanced production is, should contribute 30-35 per cent of GDP growth by 2020.

International economic integration is key to all of these areas and continues to be at the core of the Government's economic agenda, as signalled by its ambition to sign FTAs with the world's most advanced economies through the TPP and the EU-Vietnam FTA.



Focus on Regional Free Trade Agreements

Australia and Vietnam are closely aligned in seeking to promote inclusive economic integration across our region

The two countries are parties to the ASEAN-Australia-New Zealand Free Trade Agreement, which entered into force in January 2010. By 2015, Vietnamese import clearances into Australia taking up AANZFTA tariff preferences had risen to over \$1 billion, representing nearly a quarter of Vietnamese import clearances into Australia and the third highest in value behind Indonesia and Malaysia. Through AANZFTA's economic cooperation program, Australia supported the development of the ASEAN Qualifications Reference Framework to facilitate the mobility of students and skilled labour, and has helped Vietnam to develop and implement its National Qualifications Framework. Australia has also supported Vietnam in strengthening competition enforcement by seconding Vietnamese officials to the Australian Competition and Consumer Commission. Parties to AANZFTA are currently conducting a General Review to ensure AANZFTA remains relevant to business, and have committed to submitting recommendations to Ministers in 2018. DFAT encourages stakeholders to make submissions on the General Review at www.dfat.gov.au/trade/agreements/aanzfta.

Australia and Vietnam are involved in negotiations for a Regional Comprehensive Economic Partnership. RCEP negotiations involve the ten ASEAN countries and ASEAN's FTA Partners (Australia, China, India, Japan, Korea and New Zealand), which together account for almost half of the world's population, over 30 per cent of global GDP and more than a quarter of the world's trade. RCEP will build on AANZFTA and Australia's recently concluded bilateral FTAs with China, Japan and Korea. Stakeholder engagement plays an important role in RCEP. Australia welcomes the opportunity to engage with interested stakeholders and will continue to hold domestic public consultations throughout 2017. Negotiators are working to finalise the agreement, with the next round of RCEP negotiations scheduled for May in the Philippines. More information on the RCEP negotiations, including how to make a submission, is available at www.dfat.gov.au/rcep.

Australia and Vietnam are also signatories to the Trans-Pacific Partnership, a regional FTA of unprecedented scope and ambition. The TPP is another step towards closer economic ties between Australia and Vietnam. Australia is exploring avenues to give effect to the TPP outcomes, given its significant economic and strategic benefits for Australia and other signatories.

Doing business in Vietnam is getting easier

Vietnam is ascending global Doing Business rankings, though legal uncertainty and corruption remain concerns

The Vietnamese Government is committed to making the country an easier place for overseas investors and exporters to do business. Over the past three years, Vietnam has risen an impressive 17 rankings on the World Bank's Doing Business Index to 82nd place out of 185 economies. This has been achieved on the back of a significant reform program – including reforms to customs procedures, tax administration and competition policy, many of them developed with Australian support. Vietnam has now set itself the target of reaching a ranking of ASEAN4 average (Indonesia, Malaysia, Philippines and Thailand) across a selection of indicators by the end of 2017.

Despite these clear improvements, doing business in Vietnam remains challenging. Complex, overlapping and often fluid legal instruments create uncertainty for investors. Corruption is also a concern for business, with Transparency International's Corruption Index ranking Vietnam 112th out of 168 countries – still well below the more developed ASEAN economies of Singapore and Malaysia. High profile anti-corruption campaigns have yet to show strong results.

As is the case for other Asian markets, Australian investors and exporters operating in Vietnam need to be aware of the importance of thorough research and undertaking regular visits to build good relationships. Establishing new business contacts often requires an introduction from a trusted third-party followed by lengthy cultivation of the relationship. Negotiations can appear drawn out, but from a Vietnamese perspective the process is critical to developing trust. Australian businesses have often found success by engaging local employees – sometimes alumni of Australian universities – to assist with establishing contacts and helping to navigate Vietnam's cultural and business environment.

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primarily in merchandise exports. Our participation with Vietnam in new trade agreements, including the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership, could offer new opportunities in services and investment as well.

While these challenges are real, there is also a hard-headed optimism amongst the Australian business community in Vietnam about the future for Vietnam and their own businesses. We are working with the Australian Chamber of Commerce in Vietnam, under the leadership of Chau Ta, to help Australian companies navigate their way through Vietnam. AusCham's new MOU with Vietnam's Department of Foreign Affairs of the Provinces allows it new reach to all of Vietnam's 63 provinces. This work will be brought together at the Meet Australia conference later this year where Australian business will have a chance to meet with Vietnam's provincial leadership on commercial opportunities throughout Vietnam.

So, my best advice, given my own experience and that of almost all of our visitors, is come and see modern Vietnam for yourself.

Cables from post

Dispatches from Australia's global diplomatic network

From Hanoi: Mekong Delta opportunities in water management

Climate resilience and water security are high on the agenda of local government leaders in the Mekong Delta with the impact of the worst drought in 100 years fresh in everyone's minds, compounding concerns about climate change and sea-level rise. Although only roughly two-thirds the size of Tasmania, Vietnam's portion of the Delta is home to 17 million people, accounts for 27 per cent of national GDP, and produces 90 per cent of rice and 60 per cent of seafood exports. Local water infrastructure presents significant challenges for this important region, including upstream regional hydro development exacerbating saline intrusion and starving the Delta of replenishing sediment inflows. Australia is an active partner for Vietnam in land and water research for development, irrigation industry reforms, and transboundary negotiations. Business links are also expanding with Australian delegations attending the 2016 Vietwater trade show. Austrade's latest report, *Water Management: trends and opportunities in Vietnam*, is available on the Austrade website.

From Geneva WTO: Agricultural Support Calculator – simplifying the complex

As Chair of the Cairns Group, Australia is one of the most vocal proponents of free trade in agricultural products. The Australian Permanent Mission to the WTO has developed an innovative tool to assist with the next priority for the WTO's agricultural negotiations – addressing the problems caused by the massive spending entitlements some WTO members have for agricultural subsidies. Reforming these “domestic support” measures is a priority for Australia. Government support for producers accounts for less than two cents in every dollar earned by Australian farmers, compared with up to 60 cents in some countries.

The Mission's Agricultural Support calculator is a simple and free tool to evaluate proposals for liberalisation. It allows members to assess trade distorting domestic support measures and reform proposals against limits under the WTO's Agreement on Agriculture, as well as members' historical spending. The Mission has demonstrated the capability of the calculator to WTO Members for use ahead of the 11th WTO Ministerial Conference, which will take place in Buenos Aires in December. The Mission has released a downloadable version of the calculator, along with a series of tutorial videos, on its website. DFAT welcomes suggestions, comments and feedback via email to dmitry.grozoubinski@dfat.gov.au.

From Taipei: Open skies style arrangement signed

A new air services arrangement with improved passenger capacity for flights between Australia and Taiwan came into effect in December last year. The Australian Office Taipei and Taiwan's Civil Aeronautics Administration signed the new revised arrangements, which replace passenger capacity restrictions of up to 6 000 seats a week and provide further flexibility for carriers to increase services to reflect market demand. Taiwan welcomed the arrangements as a channel to promote the New Southbound Policy, Taiwan's signature policy to promote further business, trade, investment, tourism and people-to-people links with South East Asia, Australia and New Zealand. The revised arrangements promise to boost further inbound tourism and business travel from Taiwan, already Australia's second fastest growing tourism market worldwide and 13th largest source of visitors.

From Bogota: Increasing ties and opportunities in the education sector

The Colombian Government has recognised Australia's role in helping Colombia achieve its goal of becoming the most educated country in Latin America by 2025. Australia is seen as a key partner in educating its best and brightest and the number of Colombian students choosing to study in Australia continues to grow. This has been helped by Colombian Government-funded scholarship programs that recognise the high quality of Australian universities. The launch late last year of the \$100 million dollar-equivalent program Scientific Colombia to stimulate the scientific research capacity of tertiary institutions and encourage economic competitiveness presents a new opportunity to attract more government-funded scholars and to further deepen the linkages in science, technology, research and innovation. The Science Passports element of the program is made up of 190 scholarships: 100 at Master's and 90 at the PhD level. The scholars would be supported to study in the top 500 universities, as listed in the Shanghai Ranking of World Universities. The new initiative was jointly launched by the Colombian Ministry of Education, the Ministry of Trade, Industry and Tourism, Colombia's Science Technology and Innovation Agency and the Colombian Institute for Education Credit and Technical Studies Abroad. For more information on education exports to Colombia contact Austrade at infocolombia@austrade.gov.au.



From New Delhi: Opportunities in Smart Cities

India is addressing its urbanisation challenges through a country-wide competitive process for infrastructure projects. Prime Minister Modi launched the 'Smart Cities Mission' in 2015 to undertake projects in 100 of India's cities to retrofit, redevelop or extend urban infrastructure to improve sustainable living. Sixty of the 100 Smart Cities were announced last year, with a further 40 to be announced this year. Austrade is working to position Australian providers for strategic contracts that are commercially viable and best match Australia's skillsets, including in smart transport, water solutions and urban planning. In December 2016 Austrade negotiated a MOU between the Indian Confederation of Indian Industries and an Australian consortium from Queensland, which creates a platform for knowledge sharing of city planning experiences and showcases Australian expertise. India is expected to become the world's most populous country within the next decade and its urban population is expected to reach 40 per cent, or 590 million people, by 2030. The success of India's Smart Cities Initiative will be critical to support its ongoing economic growth. For more on India's Smart Cities Mission see <http://smartcities.gov.in/>. To track specific cities follow <http://citytracker.in/CT/Trending.aspx#>. Austrade will be running a number of webinars on Smart City opportunities in India this year. To stay in touch contact info@austrade.gov.au.

From Sydney: Trade Facilitation Reform – a business-government partnership

The considerable potential of the WTO Trade Facilitation Agreement to reduce the costs of goods trade – by 10 per cent for OECD countries and up to 14 per cent for low-income countries – was emphasised by Assistant Minister for Trade, Tourism and Investment, Keith Pitt, in his keynote address at the December 2016 'Trade Facilitation Reform – A Business and Government Partnership' conference. Hosted by DFAT and the Global Alliance for Trade Facilitation, and co-sponsored by Brambles, the Export Council of Australia, Commonwealth Bank, DHL and the Freight & Trade Alliance, the conference increased domestic and regional understanding of the benefits of trade facilitation reform, including ratification

of the TFA. Participants included Australian and international business and industry groups, sponsored developing country government and industry representatives, and representatives of other donor countries and international multilateral organisations (including the World Bank, WTO and WCO). Participants gained a better appreciation of global trade facilitation efforts and opportunities to partner with governments to advance reforms. Developing country participants made site visits to Australia's port facilities in Botany Bay and DHL operations at Sydney airport, where they gained a real-life insight into Australia's world-class customs, transport and logistics links. Delegates described the conference as setting a new government benchmark for industry engagement and were very pleased with the connections forged. See DFAT's Trade Facilitation Agreement webpage or contact aidfortrade@dfat.gov.au for further information.

From Seoul: Facilitating faster corporate restructuring

Corporate restructuring in Korea has received a boost with the introduction of the Special Act on Corporate Revitalisation in August 2016. The Act aims to support pre-emptive corporate restructuring efforts in sectors identified as suffering from over-capacity by providing access to fast tracked procedures for mergers and acquisitions, tax benefits and business development assistance. The Act is part of the Korean Government's broader efforts to revitalise its pillar heavy industries which have been affected by sluggish demand, low international oil prices, increasing global competition and over-capacity. To access benefits under the Act, companies must have their reform proposals reviewed by an independent body of experts and approved by the Korean Government. Companies in the shipbuilding, steelmaking and petrochemicals sectors have been amongst the first to have their restructuring proposals approved by the Government in accordance with the Act.

From Chengdu: A Month to Savour

Our largest ever public and economic diplomacy program in southwest China, Savour Australia, showcased to government, business and community leaders the diversity of Australia's culture, the strength and vibrancy of our economy, our world-class education and tourism resources,



and our clean, green and high-end consumer products. The program of 24 events took place over a packed four weeks in November and December. Australian Indigenous dance group Black Cockatoo headlined key opening events, drawing in large crowds with their unique fusion of the sounds of the didgeridoo and the drums of the Torres Strait Islands. Australian product showcases in Chengdu and Chongqing gave the two cities' aspirational middle class consumers a chance to sample high quality Australian food, wine, health products, cosmetics and fashion items. Australia's innovation agenda in China was boosted through an inaugural Australian Innovation Roundtable in Chengdu, where participants shared their experience in commercialising ideas and offered views on fostering innovation ecosystems. Through policy dialogues and speaking engagements at universities, issues of social and environmental sustainability and cross-cultural understanding were explored. Engagement with local educational institutions also included addresses by Australia's Consul-General (Chengdu) focused on developments in Australia-southwest China relations and the next stage of this growing and opportunity-rich relationship. The program garnered widespread media coverage and targetted a broad, young audience through social media, including via live online streaming of events. Australian businesses and education institutions interested in future events are invited to email us at consulate.chengdu@dfat.gov.au.

From Lima: Business opportunities in sporting events

During July-August 2019 Peru will host the XVIII Pan American Games, which will feature nearly 400 events involving over 7000 athletes from 42 countries. Development and planning are being finalised in the next few months and opportunities for Australian companies to leverage recognised Australian capability in the major sporting events industry are significant. Opportunities span the lifecycle of the Games, including event planning and staging, venue design and construction. The Peruvian Government's working budget of \$900 million (to be confirmed) is set to cover

the construction or refurbishment of 33 sports venues in Lima, including a 25 000 seat stadium, a 12 000 seat coliseum, a 2.4km aquatic park to host 1 250 people for rowing, water skiing, triathlon, and other events, and a games village for 10 000 people. Additional budget has been set aside for Games-related services, including cleaning, security, transport, hospitality, ceremonies and cultural events, and volunteer training. Austrade is developing contacts with Peruvian companies and organisations connected to the Games. It is doing the same in Buenos Aires, which will host the World Youth Olympics in 2018. To pursue opportunities related to these major sporting events, interested Australian companies are invited to contact the Austrade Business Development Manager in Lima, Rafael Rodriguez, via telephone: +51 1 205-4004 or email: Rafael.Rodriguez@austrade.gov.au.

From Canberra: China-Australia Year of Tourism 2017 co-branding opportunity

Australian businesses are invited to participate in the China-Australia Year of Tourism (YOT) 2017 by co-branding their tourism event or business with the YOT logo. The YOT was co-launched by Minister for Trade, Tourism and Investment Steven Ciobo and Chairman of the China National Tourism Administration Dr Li Jinzao in February to help grow two-way tourism. Australia's tourism industry will be promoted to China through ministerial-led trade missions, a business events showcase, sporting and cultural events and educational exchanges. Tourism Australia will run cooperative marketing campaigns with its airline partners, complementing the historic open aviation market arrangement to remove all capacity restrictions between Australia and China for airlines of both countries settled in December, as well as with state and territory tourism organisations. These campaigns will showcase the best Australia has to offer and celebrate the YOT. The logo can be downloaded from TA's online image gallery subject to set criteria. For further information or to ask questions contact TA: ask.us@tourism.australia.com.

From Oslo: Australia Update Business Events

Norwegians enjoy excellent standards of living with one of the world's highest per capita incomes as a result of prudent fiscal management and large influx of capital investment into its North Sea oil and gas fields. Norway's pro-trade, open economy is a promising one for Australian businesses, not only in its main industries of food processing, petroleum refining, chemicals, electrical machinery and financial services but also in technology and innovation. The Australian Embassy and Austrade are working with Innovation Norway to connect our innovation clusters and forge new links in the ICT/digital, green technology, aquaculture,

and health sectors. Last year Innovation Norway and the Norwegian Government partnered with the Embassy and Austrade to host the inaugural "Australia Update" event in Oslo focusing on the strong links between our oil and gas, shipping and defence sectors and featuring a session on Australia's innovation agenda. The event provided an opportunity for Norwegian companies to network with representatives of the Australian government and to ask practical questions about setting up a business in Australia. Innovation Norway undertook a follow-up fact-finding mission to Australia in November last year. The Australia Update concept was first initiated by post in partnership with Denmark's peak industry body DI in 2014. A second Australia Update event will be held in Oslo this year. For more information read the Market Profile for Norway and contact Austrade Trade and Investment Commissioner Kelly Sims, based in Germany, on ph: +49 69 90558116 or kelly.sims@austrade.gov.au.

From Canberra: Multilateral Banks offer opportunities for Australian business

Australia is a member of three multilateral banks – the World Bank Group, the Asian Development Bank and the Asian Infrastructure Investment Bank – that have a strong focus on financing infrastructure projects in the Asia-Pacific region.

In many circumstances, a project financed by a multilateral bank will involve an international tender for services and other inputs. These include calls for the supply of engineering, construction management and other consultancy and technical advising services in the borrowing country. Australian firms are generally well-placed to compete for these business opportunities.

Project implementation and tendering systems are well-established in the case of the ADB and WBG. Tenders are advertised on their respective websites (www.adb.org, www.worldbank.org), along with details about tender and procurement procedures. As a newer institution, the AIIB has a growing pipeline of projects and opportunities which are listed on its website www.aiib.org.

DFAT and Austrade are able to assist Australian businesses seeking to work with these banks. For more information, please contact banks@dfat.gov.au. In addition, Austrade invites Australian companies to participate in its Australian Consulting Services Mission to Jakarta and Manila on 20 to 24 March 2017, coinciding with the ADB's Business Opportunities Fair. For more information and to apply, please contact manila@austrade.gov.au.

Tips for Australian businesses seeking to partner with multilateral banks:

1. Look to the Pacific. By the end of the decade, the Asian Development Bank and the World Bank Group intend to increase the value of their portfolios in the Pacific to around US\$2 billion and US\$1.62 billion respectively. Focus areas are expected to include climate change, fragility (e.g. governance, resilient infrastructure) and regional connectivity, in particular in small island states. Australian businesses may also find there are opportunities to provide specialist services in the Pacific that are not otherwise readily available.

2. Aim high. Although smaller contracts are more numerous, local companies in lending countries are usually better placed to win these. Australian businesses may find less competition when tendering for larger contracts, either alone or as part of a consortium. An average of 86 contracts valued at US\$20 million or greater were issued by the ADB between 2013 and 2015.

3. Experience counts. Banks and their borrowing country clients look for partners with relevant technical and regional experience, including a significant track record of work that is similar in scope to the tendered project. They would also pay close attention to the nominated team leader and deputy team leader. Bidders should consider engaging external consultants if in-house expertise is not sufficient.

4. Collaborate. By joining a consortium, Australian businesses may be better placed to participate in projects. Local partners have the potential to be particularly valuable in implementing projects on the ground. It may also help to have a presence in a regional hub where other service providers are represented, such as Manila where the ADB has its headquarters.

5. Budgets should be adequate and not just competitive. The WBG, for example, assesses cost factors when making value-for-money determinations, such as the life-time costs of assets.

6. Prepare documentation carefully. As necessary, the terms of reference should be addressed fully, and bids for goods/works projects should contain relevant and substantial technical details. Bidders should not add caveats, restrictions or conditions to their proposals. The banks have published on their websites contact details where any questions about individual tenders can be directed.

RMIT: driving innovation and digital excellence in Vietnam

By Professor Gael McDonald, President RMIT Vietnam

As the first foreign university to establish a campus in Vietnam, RMIT University enjoys a unique position in Vietnam's higher education system. RMIT has been an important partner for Vietnam as the country has opened up its education engagement with the world over the past two decades. More than 11 000 students have graduated from RMIT Vietnam's two campuses in Ho Chi Minh City and Hanoi, and RMIT graduates are in high demand across the country.

RMIT Vietnam is not resting on its laurels but is looking to take its education partnership with Vietnam to a new level with investments in innovation and digital excellence.

There's a strong rationale for doing so. The landmark *Vietnam 2035* report, funded by Australia and released by the Government of Vietnam and the World Bank in 2016, concluded that if Vietnam is to sustain high growth in coming decades it needs, first, to create a more capable and confident private sector with deeper linkages to foreign firms, and second, to pursue an aggressive innovation and learning agenda centred on a new national innovation system. RMIT Vietnam is at the forefront of efforts to assist Vietnam in this endeavour.

The technology sector in Vietnam is rapidly expanding, driven by vibrant start-ups, foreign investment, and huge developments across many disciplines – big data, multi-agent systems, data mining, sustainable energy systems, climate change, and advanced electronics.

RMIT Vietnam's Centre of Technology is driven by innovation. It provides students in engineering and information technology with access to cutting edge technology and an innovative teaching approach, focused on nurturing creative thinkers and problem solvers. As Vietnam and

the region embrace automation, the Centre recently introduced Baxter the Robot into some of its classes. Baxter, which is already used in manufacturing plants around the world, allows students to gain practical experience in robotics programming and acquire an understanding of the complexities of automation. A well-equipped Engineering Design and Automation Lab was recently opened in partnership with National Instruments. RMIT Vietnam also boasts a world-class Cyber Security Laboratory and is working with industry and government to develop a Master of Cyber Security program.

A strong connection to industry is one of the Centre of Technology's main strengths. The Centre collaborates with industry to align academic programs with future workforce demand and to organise events such as Technology Career Week. RMIT also offers Personal Edge, a co-curricular soft skills development program for students to gain the teamwork, communication and leadership skills required to thrive in the burgeoning and dynamic technology sector.

In May last year, RMIT University Vietnam launched its Centre of Digital Excellence based on the three pillars of impact, inclusion and imagination. In partnership with the Vietnamese Government and local partners, CODE is providing free professional development training, organising public seminars and events, and making available a repository of open-access resources for the Vietnamese education community. It is also working to foster dialogue across industries on topics of digital excellence. Vietnamese participants have responded enthusiastically to these offerings, and the insights gained from their feedback have informed plans for CODE's continued growth in 2017.

Australia's education relationship with Vietnam

Valued at over \$1 billion in services trade, Vietnam is Australia's fourth largest international education market and second largest source of international school enrolments. There are currently around 22,500 Vietnamese students in Australia. Australian qualifications are well regarded in Vietnam's highly competitive graduate labour market. Australian universities are pursuing research partnerships with Vietnamese institutions in a wide range of fields, including health, the environment, marine science and agriculture. In April, Austrade is organising an Executive Education and Training Mission to Vietnam to raise awareness of Australian capabilities and highlight business opportunities.

With its rising income, youthful demographics and strong cultural emphasis on education, Vietnam will remain one of Australia's most important education markets. But we face growing competition from North America, North Asia and Europe. Australian providers, in close partnership with the Australian Government, will need to pursue energetic and creative approaches to expanding our market share and maintaining the high reputation of Australian education in Vietnam.

Australia and Vietnam have concluded a Work and Holiday Visa arrangement that enters into force on 1 March. It will initially provide work and holiday opportunities for 200 Australians and 200 Vietnamese.

More information at:
www.border.gov.au

Young Leadership Dialogue

I am a Vietnamese-Australian who was born in a Thai refugee camp, grew up in Australia, obtained law and commerce degrees from Sydney University, and now lives in Ho Chi Minh City. I am the Regional Director for UTS:INSEARCH, a college of the University of Technology Sydney. I have seen first-hand how Australia's once turbulent relationship with Vietnam has been transformed into one of complexity and depth. I am proud to have joined with two colleagues, entrepreneur Rachel Bui and strategy consultant Khai Ngo, in creating a platform for connecting emerging leaders. The inaugural Australia Vietnam Young Leadership Dialogue, to be held in Sydney from 14-18 May, will bring together 20 committed young people aged 25-35 to discuss how Australia and Vietnam can work together on leadership, diversity, development, innovation and entrepreneurship. We hope the dialogue will incubate long-lasting relationships and inspire others to create their own networks for strengthening ties between our two countries.

(Cat) Thao Nguyen

Alumni among leading young entrepreneurs

Australian alumni in Vietnam can play a role in helping Australian business enter and thrive in the Vietnamese market.

There are now 50 000 Vietnamese alumni of Australian education institutions, with Vietnamese the fourth largest cohort of international students in Australia. Many alumni are successful entrepreneurs who are using knowledge and skills gained in Australia to introduce fresh approaches to traditional businesses in Vietnam and to create new products and services to meet the aspirations of Vietnam's predominantly youthful population.

The new Australian Alumni in Vietnam Strategy, launched in December last year, aims to connect alumni with business opportunities in both countries. Importantly, the education relationship is not a one-way street. Since it kicked off in Vietnam in 2015, some 430 Australian students have gained academic and business experience in Vietnam under the New Colombo Plan. They too are poised to help deepen our economic partnership with Vietnam in a wide range of fields.

Australian businesses considering entering the Vietnam market are able to tap into a reservoir of young entrepreneurial talent well versed in the business culture of both countries.

Rachel Bui migrated to Australia from Vietnam in the 1990s. A Monash graduate, she is the founder of Aires Lab, an artificial intelligence lab 'with an exploratory bent'. In a previous role at the Telstra-backed startup accelerator muru-D, Rachel found that young Vietnamese had high technical proficiency but often lacked the business know how to bring their ideas to market. To address this gap, Rachel is now coaching Vietnamese entrepreneurs and community leaders and connecting them to experienced mentors and facilitators. Rachel is a passionate advocate of using technology to address complex social problems. "In a country like Vietnam, where institutions aren't as well developed as Australia, there is real potential for tech startups to provide solutions in areas such as education or transport", she says.

Do Son Duong, a graduate of Edith Cowan University, is the founder and CEO of Toong – Vietnam's first large scale co-working space chain. By offering a highly interactive experience, Toong is changing the way people work in Vietnam. Google CEO Sundar Pichai chose it as the venue for his talks in Hanoi in December 2015. Building on its success in Hanoi, the business is expanding to Ho Chi Minh City. Duong explains that Toong (meaning "hive") is based on the philosophy that "a co-working space is not only about the physical space but about establishing a co-working community." Besides Toong, Duong is developing an ecosystem to celebrate innovation within Vietnamese heritage in contemporary urban life.

Caroline Vu (pictured above) first visited Vietnam in 2007 – 40 years to the day after her mother left Vietnam to study economics in Australia. A UTS graduate, Caroline is in the strategy team of Small Giants, a Melbourne-based company that invests in ventures with a "triple bottom line" – financial returns alongside social and/or environmental impact. Small Giants has had a presence in Vietnam for five years, starting with joint venture Pots 'n Pans which uses training in fine dining as a pathway for promising disadvantaged youth to become leaders. Caroline says the Vietnamese Government is taking an increasingly favourable approach to competition, the private sector and startups. "With the fastest growing middle-class in South East Asia, Vietnam is an extremely exciting place for entrepreneurs."

Taking our produce to new markets

Taste of Australia was the first nation-wide promotion of Australian food, beverages and culinary education in Vietnam.

By Karen Lanyon,
Australian Consul-General,
Australian Consulate-General, Ho Chi Minh City

The Taste of Australia campaign introduced new Australian products and promoted innovative Australian cuisine and culinary training institutions to the market in April last year.

Celebrity Chef Luke Nguyen was the face of Taste of Australia, leading official consumer and business-to-business events and garnering public and media coverage, including through national TV channels.

More than 60 Australian and Vietnamese partners and sponsors supported the campaign.

Vietnam's impressive economic growth and rapidly expanding middle class have led to significant changes in consumption patterns, most notably an increased demand for premium food and beverages.

Australian food and beverages – particularly beef, lamb, fruit, dairy and wine – enjoy a reputation as safe, clean and healthy products. Vietnam is now Australia's seventh largest market for agriculture, fisheries and forestry exports, valued at \$2.1 billion in 2015.

But there is great scope for Australian producers and exporters to take further advantage of opportunities in the market, building on our reputation for high-quality produce.

Last year, the Taste of Australia Business Program brought 23 Australian suppliers to Hanoi and Ho Chi Minh City for business matching activities to introduce new Australian brands and products to the Vietnamese market. Australian Supplier Showcases, also in Hanoi and Ho Chi Minh City, included over 150 business matching meetings, and mini-trade shows attended by more than 500 industry visitors in each city. Technical seminars, roundtables and cooking demonstrations focussing on Australian meat, wine, fruits and honey expanded the program's reach to educate the local food and beverage industry, and increase exposure to the rapidly expanding food service sectors.

A highlight of Taste of Australia's promotional activities was a 'Masterchef-style' culinary competition in Ho Chi Minh City, featuring Australian produce and judged by Luke Nguyen. Vietnamese culinary students competed for the chance to win a trip to Sydney to train at the Blue Mountains International Hotel Management School and the William Blue College of Hospitality Management and work with staff from Luke Nguyen's Red Lantern restaurant. The competition provided a great opportunity to promote to the Vietnamese public the quality and strength of Australia's vocational training institutions.

This year Taste of Australia will expand its coverage beyond food and beverages, to encompass our rich culinary, fashion and design cultures. Official events will also be expanded to focus more heavily on the central city of Danang, the host city for APEC Leaders' Week 2017 and a centre for Australian alumni. In 2017 the program will expand the market and distribution chain for new and existing Australian products and culinary institutions, including through the participation of Australian producers in the bi-annual Food and Hotel Vietnam trade show.

Taste of Australia's April 2017 campaign will have a mass consumer focus, educating urban Vietnamese about the high-quality Australian food and beverages available in-market. An Australian Wine Show and associated technical trainings will increase both public and industry awareness of the range of premium Australian wines, and an expanded culinary competition, held throughout Vietnam's three key cities, will further promote Australia's vocational education credentials.

For more information about the Taste of Australia promotion and how your business could be involved, please see www.tasteofaustralia.com.vn and www.facebook.com/tasteofaustralia.vn, or contact the Australian Consulate-General in Ho Chi Minh City.

Food safety is now a national priority

By Luke Nguyen

I'm a Vietnamese-Australian Chef, born in Bangkok, raised in Sydney to Vietnamese parents.

I have been travelling back and forth from Australia to Vietnam for the past 15 years to immerse myself in my Vietnamese culture and to learn more about regional Vietnamese cooking.

Every year, I've witnessed Vietnam grow and evolve at an incredible pace.

What I've noticed most is growth in the hospitality industry. I see new hotels, restaurants, cafes and bars opening up every month.

There are 90 million people in Vietnam, with around 60 per cent of the population under 35, and they all love to eat out! The middle class in Vietnam is growing, which means it's not all about eating on the streets anymore. The lifestyle is changing, the younger population have disposable income, so the demand for premium products is sky high.

Affordability is no longer the main concern – it's food safety which is now the national priority.

As a chef, this is great to see, as I believe it's very important to know what you're eating, where the food products come from, and how clean and safe it is to eat.

I wouldn't say it's a food trend in Vietnam, it's a way of life now.



People want to be sure that the beef or lamb they are eating has been raised in an ethical environment, is of the best quality and most importantly is hormone free.

They want to know that the seafood, fruits and vegetables they are consuming are chemical free and as organic and clean as possible.

Vietnamese are spending 40 per cent of their income on food and eating out these days, so opportunities for the food and beverage industry are massive.

It brings me much joy to see Vietnamese dining out in restaurants, enjoying their food

with a nice bottle of wine and finishing their meal with a lovely cheese platter.

It has been my passion and goal in life to promote Vietnam and its cuisine and put Vietnam on the world culinary map. So I'm all for getting our incredible Australian products to Vietnam, to improve the quality of eating and dining in this wonderful country.

As a very proud Vietnamese-Australian, I so much enjoy seeing Vietnamese food cooked with premium Australian produce. In fact, I've been doing this within my restaurants in Sydney and Brisbane for the last 20 years – elevating Vietnamese cuisine and dining by using the best beef, lamb, seafood, fruits, wines and cheese.

So getting the chance now to promote throughout Vietnam is a great honour.

As the Ambassador of Taste of Australia, I want to see even more Australian food and beverage producers and suppliers doing business in Vietnam. I believe now is the time for us to get more great Australian products available here in this booming and vibrant country.



Australian technology helping to bring Vietnamese shrimp to the world

Australian Consulate-General,
Ho Chi Minh City

Founded by Vietnamese-Australian entrepreneur Van Thanh Luong and his family in 2001, Viet-Uc Seafood Company now operates the world's largest shrimp hatchery in the Mekong Delta of Vietnam. The company employs over 1 500 workers, exporting over 40 billion premium shrimp each year, largely to the Japanese and European markets.

Its continued success over the last two decades is a direct result of the innovative application of game-changing Australian technologies in feed formulation and farming systems, allowing Viet-Uc to pioneer sustainable shrimp farming in Vietnam.

Initially employing CSIRO technology in developing its shrimp seed stock hatchery, Viet-Uc has continued to expand its R&D relationships with Australian institutions and tech companies, now utilising technology from CSIRO, AQ1 Systems (a sensor technology company) and MBD Energy (a water bio-remediation company) among others.

These partnerships have resulted in ongoing research and technology-driven developments, including antibiotic-replacement therapy for aquaculture, sonic-based automatic feeding, and a solar salt pond. These developments allowed Viet-Uc to acquire exclusive licensing for selective breeding of white shrimp and black tiger prawns in Vietnam, and therefore its reputation for producing the highest-quality shrimp in Vietnam.

With its seven Australian technology and R&D partners, Viet-Uc is a powerful case study for Australian innovation-based agricultural joint ventures. Over the next five years, associated royalties of these partnerships to the Australian institutions and private sector companies is predicted to be in the tens of millions of dollars.

The Vietnamese Government has in place a strategic plan for sustainable development of its shrimp industry. Prime Minister Nguyen Xuan Phuc recently announced the establishment of a high-tech aquaculture zone in the Mekong Delta. There is great potential for further Australian investment in farming and processing facilities, as well as in offshore aquaculture.



Aus4Vietnam

In recent decades Australia has provided significant development assistance to Vietnam to support the country's economic reform and development. But with Vietnam reaching lower-middle income status and as two-way trade and investment has expanded, both countries have agreed that the aid relationship should transition towards a broader economic partnership. The new paradigm for Australian aid is Aus4Vietnam, which has a strong focus on supporting reforms to further liberalise the economy, foster innovation, and create more space for the private sector. The Australian Government welcomes input from business and NGOs about priority areas.



Australian Consulate-General, Ho Chi Minh City

Established in 1994, the Consulate-General leads Australia's engagement with this vibrant economic centre. Led by **Consul-General Karen Lanyon**, the Consulate is larger than many Australian Embassies around the world (98 staff), reflecting the importance of this relationship, and focuses on economic and business development, trade promotion, education and alumni engagement, strategic communications, consular and immigration services and police cooperation. It works closely with the Embassy in Hanoi to form a truly integrated 'Team Australia' in Vietnam.



The Australian Trade and Investment Commission (Austrade)

Led by **Senior Trade Commissioner Yvonne Chan**, Austrade helps Australian businesses and education institutions penetrate the rapidly growing Vietnamese market and promote Vietnamese investment into Australia. Austrade offers tailored services providing customised information specific to companies and talks directly to local industry players to gauge their interest in Australian products and services. Vietnam is also the fourth largest source of foreign students to Australia, and an important market for our educational institutions.

Ho Chi Minh City

Ho Chi Minh City is Vietnam's largest city. It is a thriving international commercial hub and the economic driver of Vietnam, and was recently named the world's second most dynamic city in a report released at the World Economic Forum (Hanoi ranked eighth). With a population of well over ten million and expected to reach 20 million by 2020, HCMC is Vietnam's gateway to the world, and the world's gateway to Vietnam.



Vietnam in 2050 is expected to be the 20th largest economy in the world (up from 32nd) and out to 2050 is projected to enjoy the world's highest growth rate.
Source: PWC Report: *The Long View: How will the global economic order change by 2050?* (February 2017)

Craig Chittick, Ambassador to Vietnam, Australian Embassy, Hanoi



Australian Ambassador Craig Chittick leads our sizeable diplomatic presence in Vietnam. Australia and Vietnam marked the 40th anniversary of diplomatic relations in 2013, and there are now 120 staff at the Australian Embassy in Hanoi and 98 staff at the Australian Consulate-General in Ho Chi Minh City. Australian business can draw on the expertise

of a talented and dynamic locally-engaged workforce at these missions, as well as representation from eight Australian Government agencies – DFAT, Austrade, Defence, Agriculture and Water Resources, Education and Training, Immigration and Border Protection, the Australian Federal Police, and the Australian Centre for International Agricultural Research.

Kelly Strzepek, Innovation Champion



In May, **Dr Kelly Strzepek** will take up the new Hanoi-based role of Innovation Champion. Vietnam is one of 17 economies given a high priority for international collaboration under the Australian Government's National Innovation and Science Agenda. A professional science documentary maker and PhD-qualified researcher, Dr Strzepek most recently worked at DFAT's InnovationXchange in Canberra. She is looking forward to working with Australian businesses and universities to drive our emerging innovation partnership with Vietnam.

More direct flights between Australia and Vietnam

Vietnam is one of the fastest growing aviation markets in the world. HCMC to Hanoi is the world's seventh busiest flight corridor by seat capacity. Connectivity to Australia will be boosted in 2017 with the commencement of direct Jetstar flights between HCMC and Sydney and Melbourne, as well as the launch of a Hanoi-Sydney route by Vietnam Airlines. Infrastructure investment of over US\$20 billion will be needed to meet the surging demand for air transport in Vietnam, providing opportunities for Australian infrastructure and financing providers.



Snapshots



Business women step up to the challenge

Australian Embassy Hanoi & Australian Embassy Bangkok

Women-owned businesses often face challenges in securing finance or capitalising on international trade opportunities. Australia and the Asian Development Bank are working to support women entrepreneurs through the Mekong Business Initiative.

From street-side lunch stalls to the country's fastest-growing airline Vietjet, Vietnam has a rich tradition of women-owned businesses. Around 25 per cent of small and medium enterprises across the country are run by women. These businesses are key drivers of job creation in the services sector, but they face challenges that limit their growth potential. Because they are less likely to formalise, women-led businesses experience difficulties in securing finance and are often excluded from international trade opportunities. They also struggle to access market information and to participate in business networking.

Vietnam's National Assembly is currently considering a draft law on Support for Small and Medium Sized Businesses, providing an opportunity for the unique needs of women-led businesses to be addressed. The Mekong Business Initiative, a partnership between Australia and the Asian Development Bank, is supporting women entrepreneur associations to advance the interests of women-led businesses through new legislation, including by defining women-owned businesses and adding provisions that reflect their priorities for business growth.



Vietnam's love of beer good news for Australian grain growers

Austrade, Australian Consulate-General, Ho Chi Minh City

Vietnam's interest in wheat-based products – including its thirst for beer – is presenting big opportunities for Australia's grain exporters. Vietnam's consumption of flour has been growing by eight per cent per year, and the country's expanding middle class constitutes one of the world's fastest growing beer markets. Its import of wheat is expected to surge by 67 per cent in 2016-17. Vietnam's famous Banh Mi (pork rolls) are largely made from Australian wheat.

CBH Group, Australia's largest co-operative, is taking advantage of Vietnam's buoyant market. The co-operative, owned and controlled by 4 200 Western Australian grain growers, is also benefiting from its half stake in Interflour Group, which has flour mills in Indonesia, Malaysia and Vietnam, as well as a privately-owned port facility, Cai Mep, in Vietnam. CBH's investment in Interflour is increasing the returns for Western Australian growers but also improving the co-operative's understanding of the Vietnamese market. The benefit of this investment is set to increase further when Interflour Group opens its Intermalt malting facility in Vietnam in 2017. The facility will initially have an annual production capacity of around 110 000 tonnes of malt.

Vietnam's burgeoning craft beer scene is also good news for Australian hop growers as boutique Vietnamese beer makers like Pasteur Street and Heart of Darkness seek out high quality ingredients from Australia. Mot hai ba yo! (Cheers!)

Helping Vietnam to meet growing water demands

Jonathan McKeown, Chief Executive, Australian Water Association

Vietnam's civilisation is steeped in water. The country has a 2 300km coastline and over 2 300 rivers, and two thirds of the population live along Vietnam's three main river basins. But the country is facing growing water management challenges as a result of rising demand, misallocation of resources, urbanisation, climate change and dependency on its neighbours. Improved water management will be critical if Vietnam is to modernise its agriculture, build sustainable cities, achieve better public health outcomes, and empower women. Meeting these challenges will need major capital expenditure, technological innovation, and strategic management of Vietnam's water assets. Encouragingly, the Vietnamese Government is increasingly looking to the private sector and international partners to provide the necessary capital, technology and expertise to modernise its water management.

As Australia's biggest water network with 5 000 members representing a \$20 billion water industry, the Australian Water Association is working to connect Australian water innovation and expertise with the Vietnamese water sector. In partnership with the Vietnam Water Supply and Sewerage Association and with support from DFAT's Economic Diplomacy program, AWA has facilitated strong Australian participation at Vietnam's largest water exhibition, Vietwater, in 2015 and 2016, involving over 130 Australian representatives from the business, government, research and utility sectors. On the back of this, Australian participants are pursuing commercial opportunities valued at over \$15 million over the coming year, which is expected to double over the following 1-2 years.



Unlocking opportunities in Vietnam's 63 provinces

Chau Ta, AusCham Vietnam

Although Ho Chi Minh City and Hanoi are Vietnam's economic hubs and the main destinations for foreign direct investment, any traveller to Vietnam quickly appreciates the diversity of the country and the strong sense of local and regional identity. Vietnam's 58 provinces and five centrally-controlled municipalities are increasingly alert to trade and investment opportunities and are looking to engage more directly with international partners.

The Memorandum of Understanding concluded last October between the Australian Chamber of Commerce and Vietnam's Department for Foreign Affairs of Provinces was a strategic breakthrough. It greatly increases AusCham's reach and access to each of the 61 provinces and municipalities outside of Ho Chi Minh City and Hanoi, and in turn provides these provinces with greater access to Australian businesses. AusCham is now offering members better access to information about projects and opportunities across the country, as well as enhanced access to decision makers in people's committees, suppliers and resources (including land). Preliminary results are very encouraging, with members finding new business opportunities in provinces that have been promoted via AusCham and being introduced to new provincial suppliers. We expect enquiries from members will grow as the level of awareness, interest and confidence increases.

DEK Technologies harnessing Vietnam's talented workforce

Melbourne-based DEK Technologies' decision nine years ago to establish an office in Vietnam is paying off. DEK Vietnam has grown into the company's largest office globally and has a key role in the provision of R&D, software and hardware product development and maintenance services across a diverse range of high technology sectors. DEK was attracted to Vietnam by its foreign investment laws and young and talented workforce, as well as competitive cost levels. In 2015, DEK was recognised by Vietnam's IT industry association as one of the top ten outsourcing companies in the country. The DEK Foundation, established in 2013, is helping disadvantaged children in Vietnam, and has funded medical specialists from the United States and Australia to educate Vietnamese paediatricians in child cancer care and complex surgery.

Commercialising research discoveries to combat climate change

Dr Vo Thi Hanh and her colleagues from the Vietnam Academy of Science and Technology have established a private company, Phuong Nam Biology, to commercialise their research discoveries. Dr Hanh's research has discovered ways to biologically treat the waste water

pollutant from ethanol to produce microbial fertilisers that reduce chemical usage and probiotics for animals and aquaculture, improving their feed conversion ratios. With support from the Australian-funded Vietnam Climate Innovation Center, Phuong Nam Biology is scaling up the production of fertilisers for licensing to ethanol factories. The company is also helping Vietnam to address climate change by developing a commercially viable model for treating waste water without using chemicals or energy.

Vietnam's rising energy demand

Industrial development, population growth and rapid urbanisation are placing significant pressure on the country's energy sector. To meet the demand for safe and sustainable energy, it is estimated Vietnam will need to invest US\$38 billion in electricity generation, transmission and distribution infrastructure between now and 2020. This presents significant opportunities for Australian business across a range of technologies encompassing consulting and engineering services, environmental monitoring and management, and equipment supply. Austrade is organising an Energy Mission to Vietnam in May to help Australian business develop a better understanding of Vietnam's needs. For more information see www.austrade.gov.au/energymissionvietnam2017.

International Relations Grants 2017

Now open: Grant rounds to promote international business relations

The Boards of DFAT's Foundations, Councils and Institutes welcome applications to support Australians deepening their working relationships with key international partners in business and trade.

Small grants are available to support professional, community and institutional linkages between Australia and its partners on issues of shared interest in business, as well as in innovation and science, women in leadership, education, the arts, media and sport.

We are looking for projects with clear goals and committed partners that are closely aligned with individual grant round objectives.

Individual grant round guidelines, dates and links to online applications are on council websites, available from www.dfat.gov.au/councils.



The Hon Julie Bishop, Minister for Foreign Affairs, Ms Frances Adamson, DFAT Secretary, and the Chairs of DFAT's Foundations, Councils and Institutes during Foreign Policy White Paper consultations.

Australia-ASEAN Council

The Australia-ASEAN Council's objective is to initiate and support influential persons and groups in Australia and South-East Asian countries, with activities that encourage a greater interest in the development of cooperation and collaboration between the countries, including trade and economic relations and people-to-people links.

Knowledge development is the overarching theme for the Council. Funding priorities will focus on women in leadership, collaboration and innovation across three key sectors:

- Trade and economic development
- Technology and entrepreneurship
- Culture and education

A key consideration for the Board is the community outreach and connectivity of the project.

<http://dfat.gov.au/aac>

<https://www.facebook.com/AusASEANCouncil/>

Australia-China Council

Under the Australia-China Council's economic diplomacy objective, grant applications are sought to promote the diversity, growth and innovation of Australia's trade and investment relationship with China.

Strategic goals

1. To strengthen the foundations of engagement - China literacy, business and cultural capabilities of Australian institutions and people
2. To seek and foster new areas of engagement between Australia and China across business, knowledge and creative sectors
3. To enhance understanding in China of Australian society, economy, politics and culture through the Australian Studies in China Program
4. To showcase Australian creativity, entrepreneurship and innovation in China to generate, disseminate and make accessible high-quality, relevant and up-to-date information about Australia-China relations
5. To generate, disseminate and make accessible high-quality, relevant and up-to-date information about Australia-China relations
6. To facilitate dialogue, develop professional and institutional networks between Australia

and China and harness the leadership of Australian communities in strengthening bilateral connectivity

The objectives of the 2017 grant round are centred on four areas - Education, Economic Diplomacy, Arts and Culture and Australian Studies in China and are underpinned by three cross-cutting themes - Mobility, Technology and Capabilities and New Areas of Engagement.

<http://dfat.gov.au/acc>

<https://www.facebook.com/auschinacouncil>

Australia-India Council

The Australia-India Council is looking for high quality applications that foster ground-breaking and catalytic collaborations and improve perceptions. In 2017-18, priority will be given to projects on education and skills, science, energy and technology advancement, resources and energy, agriculture, and infrastructure.

Grant applicants need to develop a project proposal to address one of the following:

1. Develop new innovative mechanisms for lifting education outcomes between Australia and India, such as, mobile platforms for the delivery of training and skill programs.

2. Develop new innovative social entrepreneur schemes that build on either India's unique identifier or outcomes from successful projects, such as, the Australia India Strategic Research Projects on bio, agri or water technology and urban infrastructure.
3. Recognise and capitalise on Australian and Indian shared cultural identity, through common parliamentary and legal systems; social entrepreneur platforms that support women in leadership, children or tech-savvy young people; or Indigenous rock art dating, dance, art.
4. Build connections between Australia and India by drawing on major events, such as the 2018 Commonwealth Games, as inspiration for collaborations and joint projects that establish linkages between India and Australia in a school, business or community setting.

The Australia-India Council grant round will open on 1 March and close on 27 April 2017.

<http://dfat.gov.au/aic>

<https://www.facebook.com/ausindiacouncil>

Australia-Indonesia Institute

Australia-Indonesia Institute grant proposals should contribute to a more broadly based and enduring relationship between Australia and Indonesia and project positive images of Australia and Indonesia in both countries.

The Australia-Indonesia Institute has identified the following priority areas:

1. Arts and culture;
2. Education;
3. Science, technology and innovation;
4. Civil Society and Media; and
5. Religion and Society.

<http://dfat.gov.au/aii>

<https://www.facebook.com/Australia-Indonesia-Institute-365324416930746/>

Australia-Japan Foundation

Under the Australia-Japan Foundation's Economic Diplomacy and Geopolitics priority area, applications are sought to facilitate informed discussion among policy-makers, business groups and academic opinion leaders on the importance and potential of the Australia-Japan business, economic and geopolitical relationships to each country.

Projects will focus on the following areas:

- Promoting closer economic relations arising from the opportunities of trade agreements and their built-in agendas;
- Promoting emerging issues and trends in Australia's trade and investment relationship with Japan;
- Promoting Australian corporate reform capabilities and international business expertise in areas of interest to Japan (for example in project management and private-public partnerships); and
- Promoting understanding and public awareness of Australia and Japan's shared contribution to promoting peace and stability in the region and globally; and Australia and Japan's commitment to rules and norms that promote stability, peace and prosperity.

Other 2017 priority areas are:

- Communication, Information and Advocacy;
- Education and Australian studies;
- Reconstruction;
- Scientific innovation; and
- Society and Culture.

<http://dfat.gov.au/ajf>

<https://www.facebook.com/ausjapanfoundation>

Australia-Korea Foundation

The Australia-Korea Foundation prioritises Trade Diplomacy and Geopolitics in its annual grant rounds. Project ideas are outlined below in order to enhance the relevance and diversity of applications and achieve balance across the priority areas and across all Australian states and territories. These 2017 ideas are examples only and other innovative applications are encouraged.

- To exchange tourism management skills between Tasmania and Jeju Island.
- To support Queensland implementing the Queensland Asia Tourism Strategy 2016-2025.
- To promote a greater understanding in the ROK of the strategic role both countries are able to play in addressing the geopolitical issues in the Indo-Pacific, including in response to the ongoing provocations by the DPRK; and other tensions in the region in which both the ROK and Australia have a shared interest being resolved in a peaceful manner.
- To promote a reciprocal understanding in the ROK and Australia of inclusion and respect for individual rights, transparency and right for citizens to assemble; supporting Australia's global work on abolishing the death penalty; and promoting gender equality.

Other key priority areas are:

- Technological and scientific innovation;
- Building cultural understanding and
- Reciprocal Australian and Korean studies.

To maximise impact multi-year grant applications are welcome.

<http://dfat.gov.au/akf>

<https://www.facebook.com/aukoreafoundation>

Council for Australian-Arab Relations

The objectives of the Council for Australian-Arab Relations are to:

- empower the peoples of Australia and the Arab world to develop a holistic and contemporary mutual understanding;
- support positive and collaborative relationships between Australia's Arab diaspora communities and the broader Australian community; and
- support activities that encourage increased trade and investment between the two regions.

The Council welcomes applications aligning with its 2017 priority sectors – Sports and Fashion – or serving the following CAAR Flagship Programs:

- CAAR Speakers – provides opportunities for influential Australians to visit the Arab world (or vice versa) to share their expertise on a particular issue
- CAAR Visitors – provides opportunities for Australian or Arab experts (in disciplines as diverse as political science, theatre, sport, science, visual arts or start-up incubators) to collaborate with their counterparts in the alternate region
- CAAR Exchanges – provides funding to universities and professional organisations to arrange for Australian groups to travel to the Arab world (or vice versa) to undertake activities related to their studies or professions
- Women in Leadership – gives a platform to Arab women known for their leadership and innovation, and to foster stronger links between Australian and Arab women, organisations and businesses.

<http://dfat.gov.au/caar>

<https://www.facebook.com/AustArabCouncil>

Council on Australia Latin America Relations

The Council concentrates its activities on the following priority areas:

- Mutual Economic Support (encompassing two way trade and investment);
- Education, Sustainability and Applied Research;
- Sport, Arts and Culture and Tourism.

The Council's goals are:

1. To strengthen links between Australia and Latin America, particularly in the areas of mutual economic support (encompassing two way trade and investment), education and research, sporting culture and tourism, aligned closely with the policy of economic diplomacy.
 - In particular, key new prospective areas for mutual economic support are likely to include promoting Australia's potential to provide infrastructure solutions, and services expertise in:
 - integrated and sustainable management of energy, water, agriculture and mining – beyond services and investment in each of these sectors in isolation
 - areas subject to increasing demand in Latin America as its expanding middle class seeks higher levels of health care, quality of environment and overall quality of government service delivery systems
 - An integral part of mutual economic support is to enhance and strengthen the synergistic links in education and research, and in culture and tourism, in particular the following key areas:
 - support for research collaboration and partnerships between Australian and Latin American education

and training institutions, including in areas related to energy, water, agriculture and mining, and other areas where Australia and Latin American countries face common challenges – for example operating in arid environments

- helping to identify and promote solutions to improve visa processes and air linkages between Australia and Latin America given that this would promote all other forms of linkages, as well as tourism, educational and cultural linkages and exchanges.

2. To leverage our extensive network of business stakeholders to encourage closer engagement at a corporate level between Australia and Latin America.
3. To increase engagement with and understanding of Australia in Latin America and of Latin America in Australia.

Public-Private partnerships involving co-funding are strongly encouraged.

<http://dfat.gov.au/coalar>

<https://www.facebook.com/coalardfat>

Project example one

Arab Master Chef shows off Aussie produce

Famous for meat dishes that use the whole of an animal carcass, including more unusual cuts, Chef Tarek has long been a fan of cooking with Australian meat. He has previously featured as an Australian meat ambassador on the Arabic lifestyle channel Fatafeat, which broadcasts to over 55 million people in North Africa and the Middle East.

In 2016, the Australian Meat and Livestock Association entered into a partnership with Fatafeat to make a three-part TV miniseries featuring Tarek in Australia. The goal of the series was to promote Australian meat to Arabic-speaking markets as a consistent supplier of safe and high quality beef and lamb.



Project example two

Korean Business Seminars via videoconference around Australia and Seoul

This project involves holding three business seminars via video-conference across Australia and Seoul. Each seminar will offer targeted, insightful and practical business perspectives on opportunities and challenges between Australia and Korea in the Food and Agribusiness, Financial Services and Infrastructure sectors, post KAFTA implementation.



Project example three

Latin America Infrastructure Forum

In May 2017, the Australia-Latin America Business Council will host the inaugural Latin American Infrastructure Forum.

The event will be supported by strategic partners such as COALAR, the Latin American development bank, CAF, and the Department of Foreign Affairs and Trade, amongst others.

The Forum will showcase the infrastructure projects that are planned for the major markets in Latin America and will identify strategies for Australian sponsors, investors and construction sector players to engage in these projects.



Services sector spearheads economic growth in India

Outgoing Minister-Counsellor (Economic) to Australia's High Commission in New Delhi Hamish McDonald shares his insights on the economy and doing business in India.

India is a land of such size and variety that it is difficult to comprehend. It is home to religious, ethnic, linguistic and cultural diversity. Many visitors will be overwhelmed by the mega cities like Delhi and Mumbai which house Australia-sized populations in Hobart-sized areas. Yet these are only a small part of the picture, and most of the Indian population live in one of its 600,000 villages.

It is well known that India has chalked up an impressive string of major economic achievements in the last three years. Inflation fell from double digits to under 5 per cent, 260 million new bank accounts were opened for previously unbanked families, inbound FDI grew every year, the Current Account Deficit fell every year, new bankruptcy laws were introduced, India's constitution was amended to allow for a GST and India famously became the world's fastest growing major economy.

India's success has had some tailwinds, notably lower global oil prices. But it has also made much of its own luck. At the heart of the Modi Government's agenda is improving the business environment, including attracting foreign investment. Foreign Direct Investment restrictions have been lifted in many sectors and the government has pledged an end to 'tax terrorism'. Bankruptcy laws are being updated, and the way business interacts with government is being improved through the use of automation and portals. Modi has emphasised the importance of addressing corruption, including through the demonetisation initiative targeting high denomination notes.

India's growth path is likely to be more heavily reliant on services, earlier in the growth cycle, than has been the case in East Asian economies. The Indian Government is trying to remove barriers to manufacturing, through its "Make In India" initiatives, with a view to replicating parts of the East Asian model. But services continue to be the dominant strands to Indian growth and are likely to do so for some time. Indian services growth is about the many millions of people employed in sectors like construction, trades, driving and domestic services. The IT and business process outsourcing sector is well known but only a relatively small employer. IT is, however, very high productivity and is a hotbed of innovation, as Indian operations are constantly finding new ways to trade services across borders.

Services-led growth will mean India's growth is more about urbanisation than industrialisation.

India has the potential to achieve sustained growth. The structural shift from agriculture to services and industry has many years to play out, with half the workforce still toiling on farms (compared to about a third in China). India will benefit from another quarter century of demographic tailwinds before its dependency ratios start to increase. And there is scope for many businesses to catch up to international productivity frontiers.

But India will not achieve its potential unless the current structural reform agenda is delivered in full and extended to address other policy problems. Without this, cities might not be able to absorb the influx of workers, the financial sector might not be able to fund the needed investment, and businesses could turn inwards rather than looking overseas to adapt the best new ideas to the Indian market. Demographics could become a headwind if India's youth feel like they are missing out on opportunities.

Australia hopes to deepen its economic relationship with India in coming years. Our bilateral trade is around \$19 billion a year. Our bilateral goods trade is focussed on coal and other mining commodities, agricultural products and refined petroleum. In services, Australia exports education and imports IT and business services, while travel both ways is also important.

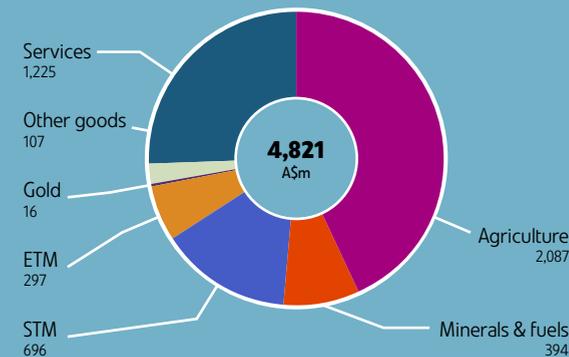
Australian investment into India is around \$10.6 billion. India is hungry for new capital, to fund the investment needed to fulfil its potential. India is taking steps to improve the business environment, and recognises the benefits of greater regulatory certainty and predictability. But investors still associate India as having significant risks, in terms of operations, partnerships and the legal system. Surprises and delays remain staples of life and business in India.

India's diversity means that finding commercial opportunities often requires building personal and localised knowledge. In many ways Australian firms are much further down this path in China than in India. Converting those opportunities into success requires pursuing them with patience as well as energy. And of course, even with all these ingredients, the cookie might not bake. But in a country where a niche could be 10 million people and which could be at the upper end of global growth tables for some years to come, there are doubtless opportunities to be found.

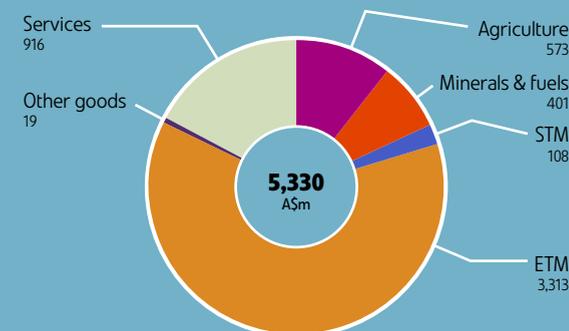
Business envoy will feature India's economy and trade opportunities for Australian business next month.

Australia's trade with Vietnam

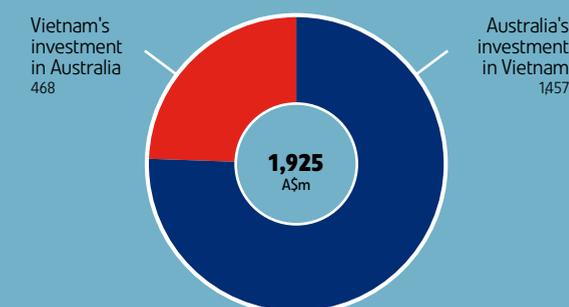
Australia's Exports to Vietnam 2015-16



Australia's Imports from Vietnam 2015-16



Australia's total investment with Vietnam, stocks as at 31 December 2015



Source: Based on ABS data.

Trade and investment statistics

	2015-16	
	A\$b	% growth
EXPORTS		
China	\$ 86.0	↑ 2.1
Japan	\$ 38.0	↓ 18.2
United States	\$ 21.9	↑ 6.8
Republic of Korea	\$ 19.7	↓ 3.3
India	\$ 12.9	↑ 2.9
ASEAN (a)	\$ 36.4	↓ 10.0
EU (a)	\$ 26.7	↑ 18.3

	2015-16	
	A\$b	% growth
IMPORTS		
China	\$ 64.1	↑ 7.9
United States	\$ 47.4	↑ 7.0
Japan	\$ 22.3	↑ 5.8
Thailand	\$ 16.5	↑ 17.4
Germany	\$ 16.2	↑ 9.4
ASEAN (a)	\$ 56.6	↓ 2.8
EU (a)	\$ 68.9	↑ 9.5

(a) Excludes some confidential items of trade.

AUSTRALIA'S TRADE BY BROAD SECTOR		
as at ABS ITGS December 2016	2016 \$b	2016 growth %
Exports	\$ 329.0	↑ 4.2
Rural	\$ 42.5	↓ 5.9
Resources	\$ 138.9	↑ 4.2
Manufactures	\$ 43.7	↓ 1.9
Other goods	\$ 12.3	↑ 1.5
Gold	\$ 20.1	↑ 30.6
Services	\$ 71.5	↑ 9.6
Imports	\$ 342.6	↓ 2.9
Two-way trade	\$ 671.6	↑ 0.5
Balance of trade	\$ 13.6	↓ 63.2

TOP EXPORTS OF GOODS & SERVICES		
as at ABS ITGS December 2016	2016 \$b	2016 growth %
Iron ores & concentrates	\$ 53.2	↑ 8.4
Coal	\$ 41.4	↑ 11.7
Education services	\$ 21.8	↑ 16.8
Gold	\$ 18.9	↑ 30.0
Natural gas	\$ 17.9	↑ 9.0
Total	\$ 329.0	↑ 4.2

TOP IMPORTS OF GOODS & SERVICES		
as at ABS ITGS December 2016	2016 \$b	2016 growth %
Personal travel services	\$ 29.0	↑ 7.1
Passenger motor vehicles	\$ 21.4	↑ 5.1
Refined petroleum	\$ 14.8	↓ 19.6
Telecom equipment & parts	\$ 12.0	↑ 2.4
Freight services	\$ 8.8	↓ 14.0
Total	\$ 342.6	↓ 2.9