

June 2017



Government  
of South Australia

# North East Asia Action Plan



[www.statedevelopment.sa.gov.au/northeastasia](http://www.statedevelopment.sa.gov.au/northeastasia)



**North East Asia markets are highly developed and present significant business opportunities for South Australia. This North East Asia Action Plan aims to create jobs, growth and investment for South Australia through increased trade with the North East Asia markets.**

**Countries in the North East Asia markets are active in outward investment and have technologically advanced manufacturing and research sectors complementary to our own. South Australia has much to gain and contribute through a structured and pro-active program of activity.**

**The South Australian Government works closely with the Australian Trade Commission in the North East Asia markets to promote, offer and deliver competitive supplies of goods, services and technologies from Australia to the North East Asia market place and to facilitate two-way investment.**

All currency references are in Australian dollars unless otherwise stated.

# A message from the Minister



North East Asia markets comprise Japan, the Republic of Korea and Taiwan. Together they represent approximately nine per cent of global Gross Domestic Product (GDP) and are characterised by stable and developed economies.

With a GDP per capita of between USD\$36,000 and USD\$46,000 North East Asia markets are wealthy and discerning consumers with an appetite for the type of products that South Australia excels at producing, such as premium food and wine.

South Australia and North East Asia markets maintain a historic connection; joint cooperation extends to diverse trade activities in sectors such as goods and services, education, culture and student exchange.

Ensuring the continuous promotion and healthy growth of South Australia's international engagement with North East Asia markets requires a focused, strategic and pro-active approach. This North East Asia Action Plan has been developed to assist business and government to work together to implement effective actions that assist our entry into these key markets in a highly targeted and focused way.

Maximising the three key objectives of the South Australian Government's International Engagement Framework; Leadership, State Development and Connection, the North East Asia Action Plan seeks to engage all stakeholders in actions that contribute to the state's growing export economy, in particular, collaboration across government, regular and systematic engagement with North East Asian markets and working with industry to develop capability, capacity, and affordability in export activities.

In addition to South Australia's extensive economic engagement with these markets, cultural engagement between South Australia and North East Asia is enhanced through sister-state relationships.

The sister-state relationship between South Australia and the Republic of Korea province of Chungcheongnam-do dates from 1997, the sister-state relationship between South Australia and Okayama Prefecture in Japan dates from 1993. Through this action plan, these relationships will be strengthened and expanded to further contribute to South Australia's overall export strategy.

A handwritten signature in black ink, appearing to read 'Martin Hamilton-Smith', written in a cursive style.

**Hon Martin Hamilton-Smith MP**  
Minister for Investment and Trade



# North East Asia markets fast facts



**Japan** has a population of approximately 126.9 million people (2015). The capital is Tokyo; the primary language is Japanese and the currency is the Japanese Yen. In 2016 Japan was South Australia's fifth largest export market and fourth largest import source. The main exports to Japan were ranked; 1st seafood (\$112m); 2nd petroleum products (\$90m) and 3rd confidential items (\$88m). South Australia's main imports from Japan were ranked; 1st motor vehicles (\$417m); 2nd machinery (\$52m) and 3rd crude oil (\$37m).

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**The Republic of Korea (RoK)** has a population of approximately 50.6 million people (2015). The capital is Seoul; the primary language is Korean and the currency is the South Korean Won. In 2016 the RoK was South Australia's eleventh largest export market and sixth largest import source. South Australia's main exports to the RoK were ranked; 1st fresh meat (\$73m); 2nd wool (\$56m) and 3rd lead (\$31m). South Australia's main imports from RoK were ranked; 1st motor vehicles (\$240m); 2nd machinery (\$38m) and 3rd appliances (\$21m).

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**Taiwan** has a population of approximately 23.5 million people (2015). The capital is Taipei; the primary language is Mandarin and the currency is the New Taiwan Dollar. In 2016 Taiwan was South Australia's twelfth largest export market and seventeenth largest import source. South Australia's main exports to Taiwan were ranked; 1st copper ore (\$164m); 2nd lead (\$15m) and 3rd fresh meat (\$15m). South Australia's main imports from Taiwan were ranked; 1st machinery (\$22m); 2nd appliances (\$19m) and 3rd confidential items (\$14m).

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## Opportunity sectors for South Australia



**Agribusiness and premium food and wine** - Premium food and wine, seafood, grains, pulses and beverages



**Education** - Higher education, vocational education and training



**Health, biomedical and ageing** - Medical devices and technology services



**Defence** - Space, marine, aviation, land services and technology



**Mining, resources, energy and renewables** - Technology, services and environmental



**Investment** - Attraction, facilitation and case management



**Innovation and IT** - Future industries, high-tech and industry transformation



**Water** - Water and water resources management

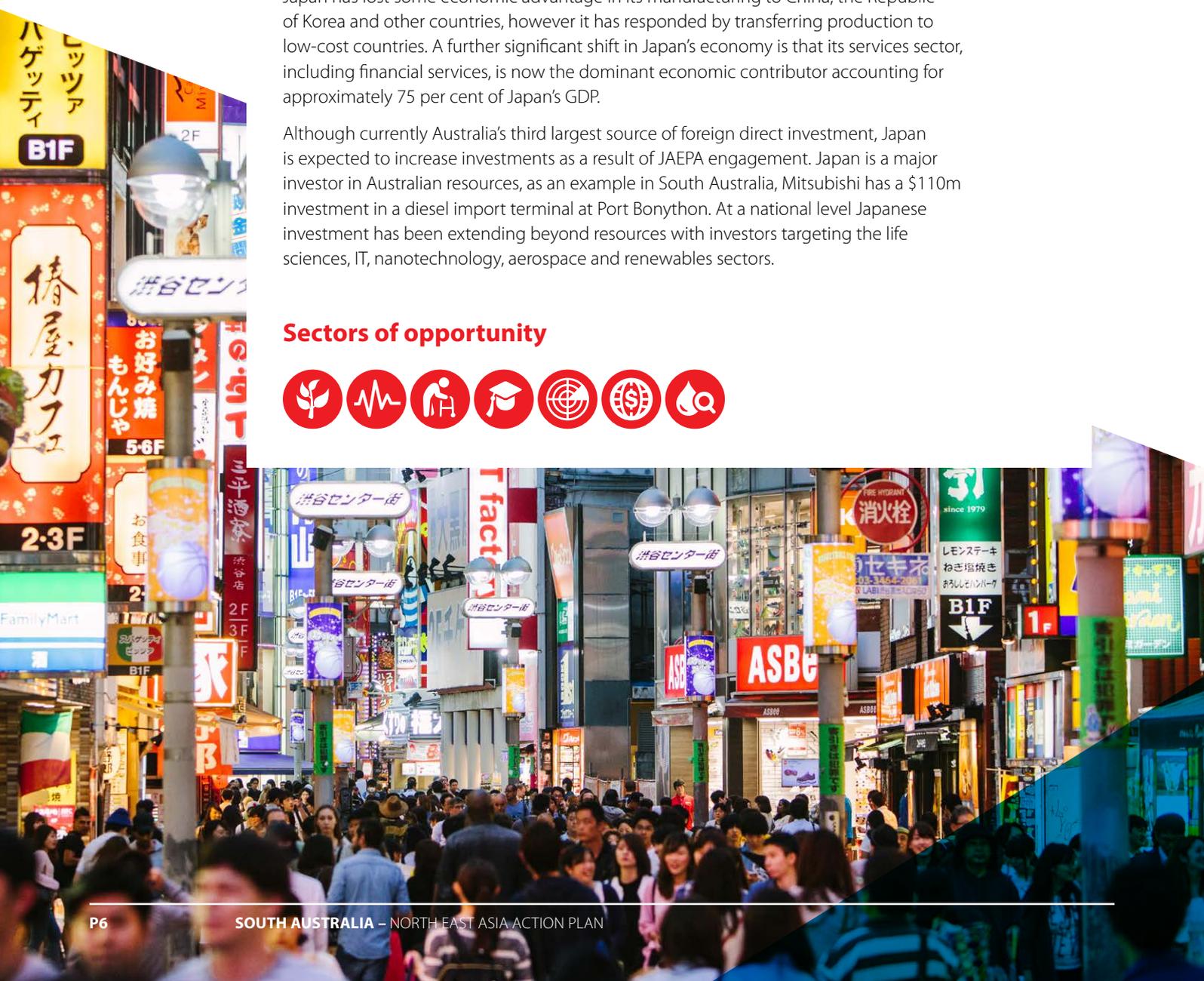
# Japan market overview

**Japan's highly industrialised market economy is one of the largest in the world, is an important contributor to Australia's economy, is Australia's second largest export market and third largest source of foreign direct investment. Economic ties between Australia and Japan are facilitated through the Japan-Australia Economic Partnership Agreement (JAEPA).**

Japan is a world-leading manufacturer of electrical appliances, electronics, vehicles, ships, machine tools, optical precision equipment, machinery and chemicals. In recent years Japan has lost some economic advantage in its manufacturing to China, the Republic of Korea and other countries, however it has responded by transferring production to low-cost countries. A further significant shift in Japan's economy is that its services sector, including financial services, is now the dominant economic contributor accounting for approximately 75 per cent of Japan's GDP.

Although currently Australia's third largest source of foreign direct investment, Japan is expected to increase investments as a result of JAEPA engagement. Japan is a major investor in Australian resources, as an example in South Australia, Mitsubishi has a \$110m investment in a diesel import terminal at Port Bonython. At a national level Japanese investment has been extending beyond resources with investors targeting the life sciences, IT, nanotechnology, aerospace and renewables sectors.

## Sectors of opportunity



**Data source:** Australia Bureau of Statistics (2015-16 financial year): MariTrade based on ABS (data 2016 calendar year): Austrade International Student Enrolments Statistics (Dec 2016): South Australian Tourism Commission International Visitor Origin to South Australia (Dec 2016)

Trade activity - Japan		2016 calendar year
GDP real growth	0.9%	
Inflation	-0.2%	
Unemployment	3.2%	
Strong industry sectors	<b>1.</b> High-tech/electronics <b>2.</b> Machinery/equipment <b>3.</b> IT/software products & services	
Main export destinations from Japan	<b>1.</b> United States 20.2% <b>2.</b> China 17.5% <b>3.</b> South Korea 7%	
Main exporters to Japan	<b>1.</b> China 25.6% <b>2.</b> United States 10.9% <b>3.</b> Australia 5.6%	

Australia's trade relationship with Japan		2015-16 financial year (A\$m)
Export of goods to Japan	\$35,846	
Import of goods from Japan	\$19,174	
Export of services to Japan	\$2,131	
Import of services from Japan	\$3,114	
Major Australian exports to Japan	<b>1.</b> Coal - \$11,197 <b>2.</b> *Confidential items - \$11,000 <b>3.</b> Iron and base metal ores (Inc. copper ore) - \$6,095	
Major Australian imports from Japan	<b>1.</b> Passenger motor vehicles - \$6,625 <b>2.</b> Refined petroleum - \$2,581 <b>3.</b> Goods vehicles - \$1,373	
Australia's investment in Japan	\$93,164 (2015)	
Japan's investment in Australia	\$199,596 (2015)	

South Australia's trade relationship with Japan		2016 calendar year (A\$m)
Exports to Japan	\$605 (5th)	
Imports from Japan	\$622 (4th)	
Major South Australian exports to Japan	<b>1.</b> Seafood - \$123 <b>2.</b> Petroleum products - \$90 <b>3.</b> *Confidential items - \$88	
Major South Australian imports from Japan	<b>1.</b> Passenger motor vehicles - \$417 <b>2.</b> Machinery - \$52 <b>3.</b> Refined petroleum - \$37	
Education	592 international student enrolments (11th)	
Tourism	8000 visitors - 238,000 visitor nights	

\*Confidential Items: Items that at the request of the exporter/importer are not classified by an identifiable description

# Republic of Korea market overview

**The Republic of Korea has experienced decades of impressive economic growth and global economic integration, and with a per capita GDP among the highest in the world, has become a high-tech industrialised economy.**

An economic system encouraging close ties between government and business and the import of raw materials and technology over consumer goods, and savings and investment over consumption is a major contributor to the economic success of the Republic of Korea.

Telecommunications, chemicals, shipbuilding, construction, steel industries and defence are the key drivers of economic development for the Republic of Korea. The growth in destination tourism from China, Taiwan, Hong Kong and South East Asia, is also of significant importance. Industry sectors including high-tech industries, electronics, and automobile production sectors dominate exports to South Australia.

Trade between the Republic of Korea and Australia is facilitated through the Korea-Australia Free Trade Agreement (KAFTA), which came into force in December 2013. KAFTA eliminates tariffs on important South Australian commodities like beef, wine, malt and malting barley, potatoes, tuna, lobster, unwrought lead, petrol and pharmaceuticals.

## Sectors of opportunity



**Data source:** Australia Bureau of Statistics (2015-16 financial year); MariTrade based on ABS (data 2016 calendar year); Austrade International Student Enrolments Statistics (Dec 2016); South Australian Tourism Commission International Visitor Origin to South Australia (Dec 2016)

Trade Activity - Republic of Korea		2016 calendar year
GDP real growth	2.7%	
Inflation	1%	
Unemployment	3.6%	
Strong industry sectors	<b>1.</b> High-tech/electronics <b>2.</b> IT & telecommunications <b>3.</b> Passenger vehicle manufacturing	
Main export destinations from Republic of Korea	<b>1.</b> China 26% <b>2.</b> United States 13.3% <b>3.</b> Hong Kong 5.8%	
Main exporters to Republic of Korea	<b>1.</b> China 20.7% <b>2.</b> Japan 10.5% <b>3.</b> United States 10.1%	

Australia's trade relationship with Republic of Korea		2015-16 financial year (A\$m)
Export of goods to Republic of Korea	\$17,803	
Import of goods from Republic of Korea	\$13,171	
Export of services to Republic of Korea	\$1,889	
Import of services from Republic of Korea	\$1,016	
Major Australian exports to Republic of Korea	<b>1.</b> Coal - \$4,607 <b>2.</b> Iron ore and concentrates - \$3,053 <b>3.</b> Confidential items - \$2,200	
Major Australian imports from Republic of Korea	<b>1.</b> Refined petroleum - \$4,948 <b>2.</b> Passenger motor vehicles - \$2,511 <b>3.</b> Heating and cooling equipment and parts - \$983	
Australia's investment in Korea	\$15,001 (2015)	
Korea's investment in Australia	\$23,321 (2015)	

South Australia's trade relationship with Republic of Korea		2016 calendar year (A\$m)
Exports to Republic of Korea	\$263 (11th)	
Imports from Republic of Korea	\$430 (6th)	
Major South Australian exports to Republic of Korea	<b>1.</b> Fresh meat - \$73 <b>2.</b> Wool - \$56 <b>3.</b> Lead - \$31	
Major South Australian imports to Republic of Korea	<b>1.</b> Passenger motor vehicles - \$240 <b>2.</b> Machinery - \$38 <b>3.</b> Appliances - \$21	
Education	939 international student enrolments (6th)	
Tourism	7000 visitors - 323,000 visitor nights	

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# Taiwan market overview

**The Taiwan market has a dynamic changing economy. Strong export growth led by electronics and machinery manufacturing and the production of petrochemicals has been the primary driver of economic growth. Other industries of significant growth include high-tech products, knowledge based services and financial and business services.**

Beef, wheat, grains and dairy products remain Australia's leading exports to Taiwan. With growing levels of affluent retirees and business professionals preferring high quality, clean and green foods and consumer products, opportunities for South Australian high end and premium food producers are likely to increase.

Australia holds annual Bilateral Economic Consultations with Taiwan during which consultations cover a wide range of issues, including market access, investment and agriculture. Australia and Taiwan sides also hold Joint Energy and Minerals, Trade and Investment Cooperation Consultations and an Agricultural Working Group meeting to further develop and support trade and investment.

## Sectors of opportunity



**Data source:** Australia Bureau of Statistics (2015-16 financial year): MariTrade based on ABS (data 2016 calendar year): Austrade International Student Enrolments Statistics (Dec 2016): South Australian Tourism Commission International Visitor Origin to South Australia (Dec 2016)

Trade Activity - Taiwan	2016 calendar year
<b>GDP real growth</b>	1%
<b>Inflation</b>	1.1%
<b>Unemployment</b>	3.9%
<b>Strong industry sectors</b>	<b>1.</b> Electronics <b>2.</b> High-tech/IT <b>3.</b> Machinery
<b>Main export destinations from Taiwan</b>	<b>1.</b> China 25.4% <b>2.</b> Hong Kong 12.7% <b>3.</b> United States 12.5%
<b>Main exporters to Taiwan</b>	<b>1.</b> China 19.4% <b>2.</b> Japan 17% <b>3.</b> United States 11.6%

Australia's trade relationship with Taiwan	2015-16 financial year (A\$m)
<b>Export of goods to Taiwan</b>	\$6,452
<b>Import of goods from Taiwan</b>	\$4,551
<b>Export of services to Taiwan</b>	\$1,048
<b>Import of services from Taiwan</b>	\$236
<b>Major Australian exports to Taiwan</b>	<b>1.</b> Coal - \$2,545 <b>2.</b> Iron ore and concentrates - \$1,021 <b>3.</b> Copper ores and concentrates - \$346
<b>Major Australian imports from Taiwan</b>	<b>1.</b> Refined petroleum - \$532 <b>2.</b> Telcon equipment and parts - \$278 <b>3.</b> Computers - \$176
<b>Australia's investment in Taiwan</b>	\$5,557 (2015)
<b>Taiwan's investment in Australia</b>	\$7,427 (2015)

South Australia's trade relationship with Taiwan	2016 calendar year (A\$m)
<b>Exports to Taiwan</b>	\$260 (12th)
<b>Imports from Taiwan</b>	\$115 (17th)
<b>Major South Australian exports to Taiwan</b>	<b>1.</b> Copper ore - \$164 <b>2.</b> Lead - \$15 <b>3.</b> Fresh meat - \$15
<b>Major South Australian imports from Taiwan</b>	<b>1.</b> Machinery - \$22 <b>2.</b> Appliances - \$19 <b>3.</b> *Confidential items - \$14
<b>Education</b>	510 international student enrolments (13th)
<b>Tourism</b>	5000 visitors, 236,000 visitor nights

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# North East Asia markets

## opportunities and actions

THE OPPORTUNITY	KEY OBJECTIVE	AGREED ACTION
<b>1 Develop and maintain a unified approach to the North East Asia markets</b>		
<p><b>Ensure a continued unified approach to in-market engagement and business support for companies undertaking export activities</b></p>	<p>To maximise the value and effectiveness of collaboration in developing investment, market awareness, market entry and market sustainability</p>	<p>Undertake annual outbound business missions with targeted sector businesses in coordination with key events in North East Asia markets</p> <hr/> <p>Host inbound North East Asia business missions in coordination with major, targeted South Australian events and sector activities</p> <hr/> <p>Promote market awareness events to businesses that promote and encourage North East Asia market engagement and export opportunities</p> <hr/> <p>Actively promote cross agency collaboration to support targeted industry sectors of opportunity described in this Action Plan</p>
<p><b>The difference it makes</b></p> <p>A unified approach to market and stakeholder engagement promotes greater consistency and efficiency in the execution of the South Australia brand and international engagement strategies. Enhanced market collaboration also supports improved export intelligence and knowledge, facilitating business growth and investment activity</p>		
<b>2 Develop and maintain sustainable market relationships</b>		
<p><b>Actively promote regular and systematic engagement with and between, targeted businesses, business associations and community groups nationally and internationally</b></p>	<p>To improve South Australia's export profile as a producer of world-class goods and services and support ongoing relationships at all levels of the trade activity cycle between South Australia and North East Asia</p>	<p>Continually improve and implement structured communications with national and international businesses, business chambers, councils, foundations, industry associations and community groups</p> <hr/> <p>Continually improve and implement structured communications with DFAT, Austrade, Australian Government and South Australian Government agencies</p>
<p><b>The difference it makes</b></p> <p>Sustainable trade relationships are built on value and trust. Developing and maintaining structured consistent and positive communication with partners and allies develops positive and trusted relationships. These relationships facilitate ongoing development of trade relations, market opportunities and sustainable trading partnerships</p>		
<b>3 Support innovation and industry development programs</b>		
<p><b>Assist South Australian exporters to become more innovative and competitive across North East Asia</b></p>	<p>To promote the value and importance of continuous product and service innovation to South Australian businesses and exporters</p>	<p>Promote and support industry programs and education initiatives to South Australian businesses to develop a pipeline of highly competitive, innovative exporters to grow South Australia's trade in North East Asia</p>
<p><b>The difference it makes</b></p> <p>Innovation in product and service, development, production and quality management assists the growth of high value, premium quality product and service industry sectors and creates competitive advantages in international trade</p>		

## North East Asia markets

### opportunities and actions

	THE OPPORTUNITY	KEY OBJECTIVE	AGREED ACTION
4	<b>Maximise Tradestart and Business SA export program value</b>	Provide South Australian businesses access to Austrade services, education and export activity support through the TradeStart network to enter, maintain and expand operations in North East Asia	To ensure that the TradeStart network, State and Federal export grants and Business SA's export education programs are accessible to South Australian export-ready companies
			Support activities that promote the TradeStart network, Austrade services and both Federal (EMDG) and State (EPP) export grant programs to provide export facilitation services and funding assistance for small and medium-sized businesses to access new global markets, and to maintain and expand operations in existing international markets
			Support activities that promote the Export Readiness Program delivered through Business SA to enable businesses to access new global markets through marketing and export development opportunities
	<b>The difference it makes</b>		
	South Australian businesses that possess high levels of market intelligence, advanced export plans and general export readiness skills will have a greater potential to establish long-term sustainable export relationships and markets		
5	<b>Facilitate cooperation with the state's international education partners</b>	Develop an understanding of the value, accessibility and growth potential of the education sector across North East Asia	To support South Australian education service providers to develop and implement successful export activities based on in-depth and validated market knowledge
			Consult with South Australian education providers to establish the current level of export activity to North East Asia
			Engage with in-country partners to develop an understanding of the North East Asia market
			Develop an education sector profile for North East Asia
	<b>The difference it makes</b>		
	High levels of market intelligence combined with a structured understanding of South Australia's capacity and competitiveness will assist the South Australian education sector to best position itself in North East Asia		
6	<b>Attract skilled and business migrants to support the needs of the state's growing economy</b>	Encourage the development of skilled and business migration to South Australia to meet the needs of the state's growing economy	Support the establishment of products, services and migrant settlement programs that encourage skilled and business migrants to South Australia
			Deliver skilled and business migrant employment seminars to prospective employers and industry sectors that meet industry's needs and major projects
			Implement offshore skilled and business migrant engagement and attraction initiatives to increase the state's share of skilled and business migrants
	<b>The difference it makes</b>		
	Skilled and business migration is recognised as a core component of South Australia's strategy to develop productivity skills and expertise that support the needs of the state's growing economy		



An aerial photograph of a port area. A large white and green cargo ship is docked at a pier. The pier is filled with stacks of colorful shipping containers (yellow, green, blue) and several trucks. In the background, a city skyline with various buildings is visible under a clear sky. The water is dark blue.

**Existing free trade agreements provide significant advantages for South Australian exporters over competing imports from other countries.**



# Contact

## Department of State Development North East Asia Team

131-139 Grenfell Street  
Adelaide, South Australia 5000

GPO Box 320  
Adelaide, South Australia 5001

**T:** +61 08 8303 2433

**E:** [DSD.northeastasia@sa.gov.au](mailto:DSD.northeastasia@sa.gov.au)

### Published June 2017

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